



Daily Report

China

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General

Foreign Ministry Holds Weekly News Briefing

Commitment to Nonproliferation

HK2706081091 Beijing XINHUA in English
0804 GMT 27 Jun 91

["Chinese Foreign Ministry Spokesman on China's Position on Nuclear Weapons"—XINHUA headline]

[Text] Beijing, June 27 (XINHUA)—China has all along stuck to the consistent position that it does not advocate, encourage or practise nuclear proliferation, nor does it help other countries to develop nuclear weapons.

The spokesman reiterated this at the weekly press conference here this afternoon in response to an article carried on "THE WASHINGTON POST" June 26, which asserted that Iran sent its agents to Beijing for discussing the purchase of China's nuclear weapon technology.

This report is "groundless" and "a sheer fabrication", the spokesman said.

Mideast Arms Control Conference

OW2706082391 Beijing XINHUA in English
0811 GMT 27 Jun 91

[Text] Beijing, June 27 (XINHUA)—China hopes that the United Nations Security Council perm-five conference on arms control in the Middle East, to be held soon in Paris, will contribute to the realization of peace and security in the Middle East region, Chinese Foreign Ministry Spokesman Wu Jianmin said at a weekly press conference here today.

In response to the questions on whom China will send to the conference, what China's position is on arms control and what China expects from the meeting, Wu said that China will send Vice Foreign Minister Liu Huaqiu to attend the conference.

"This conference is a very important one," Wu said, adding, "In order to make it a success, we would like to explore with all the parties on the basic principles of arms control in the Middle East so as to promote stability in the region with a lower level of armament."

"The prolonged absence of a settlement of the Middle East issue is the root cause of tension and the basic reason of arms race in that region," he said.

The spokesman said, "the issue of arms control in the Middle East is closely linked with the political settlement of the Middle East issue, and its realization will be an integral part of the political settlement."

"We hope that this conference will contribute to the realization of peace and security in the Middle East region so as to create conditions for an early settlement of the long-drawn-out Middle East issue," Wu concluded.

Cambodian Settlement Urged

OW2706084091 Beijing XINHUA in English
0819 GMT 27 Jun 91

[Text] Beijing, June 27 (XINHUA)—Chinese Foreign Ministry Spokesman Wu Jianmin today expressed the hope that the Supreme National Council (SNC) of Cambodia which has already started operating will, under the chairmanship of Prince Sihanouk, continue working so as to make further contributions to a national reconciliation and a comprehensive political settlement of the Cambodia question.

Wu made these remarks when asked to comment on the Phatthaya meeting of the SNC of Cambodia at the weekly press conference here this afternoon.

He said China welcomes the positive progress achieved by the meeting. He praised Prince Sihanouk for having played an important role in making the meeting a success, and all the Cambodian parties for having demonstrated a spirit of consultation and reconciliation. "We wish to express our appreciation for this," Wu added.

Qian's Japan Visit Assessed

HK2706084891 Beijing XINHUA in English
0839 GMT 27 Jun 91

["Chinese Foreign Minister's Visit to Japan Fruitful"—XINHUA headline]

[Text] Beijing, June 27 (XINHUA)—Chinese Foreign Minister Qian Qichen's visit to Japan achieved positive results and will help further promote comprehensive and in-depth development of Sino-Japanese relations.

These remarks were made by a Chinese Foreign Ministry spokesman at the weekly press conference here this afternoon when asked to comment on Qian's visit to Japan.

The spokesman noted that this is Qian's return visit to Japanese Foreign Minister Taro Nakayama's visit to China in April this year.

He said that during Qian's visit to Japan, the Chinese and Japanese sides had an extensive and in-depth exchange of views on issues of further strengthening bilateral friendly relations of cooperation and on international issues of common concern.

The spokesman stated that the further consolidation and development of Sino-Japanese friendship and cooperation will be of great importance not only to both sides, but also to peace and development of the Asian-Pacific region and the world as a whole.

When asked if the announcement of Japanese Prime Minister Toshiki Kaifu's forthcoming visit to China means the returning to normal of the Sino-Japanese relationship, the spokesman said, "We warmly welcome Kaifu to visit China

and believe that Kaifu's visit will contribute to the new development of Sino-Japanese relations."

Protocol for Leaders' Visits

HK2706103091 Beijing ZHONGGUO XINWEN SHE
in Chinese 0903 GMT 27 Jun 91

[Text] Beijing, 27 Jun (ZHONGGUO XINWEN SHE)—China will introduce a new protocol reform plan. According to the new plan, welcoming and farewell ceremonies for Chinese leaders' outgoing visits or subsequent returns will be held at the North Hall of the Great Hall of the People instead of the airport.

Foreign Ministry spokesman Wu Jianmin disclosed this at the news briefing held this afternoon. It has been reported that the plan will begin with the ceremony held for Premier Li Peng's upcoming visit to six Middle Eastern countries on 2 July.

Wu Jianmin said the purpose of the move is to save time for leaders, reduce traffic congestion, and make things convenient for the masses.

Because of this change, the Shoudu Airport will no longer make arrangements for news coverage by Chinese and foreign reporters.

Hong Kong Airport Accord Sought

HK2706100491 Beijing ZHONGGUO XINWEN SHE
in Chinese 0941 GMT 27 Jun 91

[Text] Beijing, 27 Jun (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry spokesman Wu Jianmin today said: China hopes China and Britain will be able to reach an agreement on the question of Hong Kong's new airport at an early date to facilitate an early start of the new airport project.

Wu Jianmin made this remark while answering reporters' questions at a news conference.

East Europeans, Soviets Attend Harbin Trade Fair

Fair Opens

OW2406051391 Beijing Radio Beijing in Russian
1900 GMT 15 June 91

[Text] A trade and economy fair for the Soviet Union and East European countries opened solemnly in Harbin on the morning of 15 June. It was organized by the PRC Ministry of Foreign Economic Relations and Trade, Tian Jiyun, deputy premier of the PRC State Council; leaders of Heilongjiang Province, Harbin City, the Ministry of Foreign Economic Relations and Trade, and other concerned departments of China; and chiefs of delegations of various countries participating in the fair, their diplomatic representatives, and trade counselors in China were present at the opening of the fair.

Prior to the opening of the fair, Tian Jiyun met some of the esteemed guests and diplomats of the countries

participating in the fair, including Kachanov, USSR first deputy minister of foreign economic relations; Kovalev, deputy chairman of the USSR Chamber of Commerce; and Solovyev, USSR ambassador to China.

Tian Jiyun said: The government and people of China hope not only for further strengthening of friendship and cooperation with the peoples of the Soviet Union and East European countries but also for further development of trade and economic relations with these countries. In my opinion, conducting such a trade fair will give a dynamic impetus to the development of trade and economic relations between China and the Soviet Union and East European countries.

More than 6,000 businessmen from the Soviet Union, Czechoslovakia, Poland, Hungary, Bulgaria, Romania, Yugoslavia, Mongolia, Hong Kong, Macao, and other countries and regions are taking part in the fair; of these, 5,600 are from the Soviet Union. Participating in the fair are 129 Chinese companies, 60 more than last year. They are exhibiting about 30,000 different kinds of goods at the fair, most of which are in great demand in the Soviet Union and East European countries.

The fair will close on the 24 June.

Governor Receives Guests

SK2006040691 Harbin Heilongjiang People's Radio
Network in Mandarin 0900 GMT 19 Jun 91

[Text] At 1700 today, at Huayuancun Guest House, Shao Qihui and some other leaders met with and feted leaders of pertinent republics, oblasts, and krais of the Soviet Union, along with pertinent East European officials stationed in China and attending the Sino-Soviet Union and East Bloc Economic and Trade Symposium. Governor Shao Qihui and Vice Governors Chen Yunlin and Du Xianzhong met with the guests. The secretary and commercial counsellor of the Bulgarian Embassy stationed in China, the first secretary of the Hungarian Embassy stationed in China, and [words indistinct].

Shao Qihui said at the reception: Heilongjiang's people are very glad to see the arrival of the welcomed guests from the Soviet Union and East European countries. This symposium is not only an economic and trade activity but also a grand occasion to develop the friendship between our and your countries as well as the peoples of our and your countries. On behalf of the people and the government of Heilongjiang Province, I would like to extend a warm welcome to you.

United States & Canada

U.S. Criticized for Not Returning Drug Witness

HK2706010791 Hong Kong SOUTH CHINA
MORNING POST in English 27 Jun 91 p 11

[Report by Geoffrey Crothall in Beijing]

[Text] China's new drug czar, Mr Yu Lei, yesterday criticised the United States for failing to return a key witness in the celebrated goldfish heroin smuggling trial in San Francisco last year.

The witness, Wang Zhongxiao, 33, described by Mr Yu as a "veteran criminal" sought political asylum in the U.S. claiming he had been tortured by Shanghai police and ordered to lie on the witness stand.

Wang also claimed that while in detention, he had witnessed the beating of students involved in the 1989 democracy movement.

The trial followed the seizure at Shanghai airport on March 9, 1988, of 25 boxes of goldfish bound for San Francisco. The goldfish were found to contain 4 kilograms of heroin wrapped in condoms.

San Francisco customs were alerted by the Shanghai authorities to the arrival of the consignment and three men were arrested when they tried to take delivery of the goldfish.

"China has devoted a lot of time and effort in handling this case," Mr Yu said in Beijing at a press conference marking the fourth anniversary of International Anti-Narcotics Day.

"We never expected the U.S. would go so far as to give this veteran criminal political asylum."

Mr Yu's deputy at the National Narcotics Control Commission, Mr Lu Wen, said Sino-U.S. cooperation in drug control had suffered a setback as a result of the Wang case.

Mr Lu added that there was no known case of international drug rings or organised criminal societies operating in China.

Border patrols and drug enforcement agencies in the southwestern province of Yunnan, which borders the Golden Triangle, had been strengthened and 1,300 officers were now patrolling the area.

Meanwhile, in a public trial in Kunming, the Yunnan High Court yesterday sentence 21 criminals to death for narcotics-related offences. The executions were carried out immediately.

The cases included the smuggling, sale and trafficking of drugs, including one instance involving more than 90 kilograms of heroin.

The official CHINA NEWS SERVICE reported that when the sentences were read out, the more than 5,000 citizens who watched the trial responded with "enthusiastic and sustained applause".

The vice-chief of the provincial party committee, Mr Yin Jun, said the fact the trial took place during the anniversary of International Anti-Narcotics Day showed Yunnan's determination to stamp out drug trafficking.

Yesterday, the PEOPLE'S PUBLIC SECURITY DAILY reported that 23 people, including five from Taiwan, had been arrested in southern China on drug smuggling charges.

During the drug bust, 5.4 kilograms of heroin and nearly \$100,000 in local and foreign currency were seized. The paper described it as a "very major case".

XINHUA Cites Baker on Yugoslav Situation

OW2706075891 Beijing XINHUA in English
0656 GMT 27 Jun 91

[Text] Washington, June 26 (XINHUA)—U.S. Secretary of State James Baker today said that Yugoslavia is in a "powderkeg situation" following the independence declarations by Croatia and Slovenia.

Speaking at a Gannett Foundation dinner, Baker recalled that his trip last week to Yugoslavia was "because of our serious concerns about the situation there and our strong desire to do all that we can to avert a disaster."

"But our concerns were not allayed, and the likelihood of more violence and bloodshed, and disintegration, is growing. It is truly a powderkeg situation, one that is deteriorating even as I speak," Baker said.

Seven people have been reportedly killed in ethnic strife since Croatia and Slovenia, two of Yugoslavia's six republics, declared their independence yesterday.

Baker reiterated that the United States would not reward unilateral breakaway of the two republics from Yugoslavia, and called on Yugoslavs to settle their disputes through peaceful means.

"The United States continues to recognize and support the territorial integrity of Yugoslavia, including the borders of its member republics," he said.

"At the same time, we can support greater autonomy and sovereignty for the republics—in other words a new basis for unity in Yugoslavia—but only through peaceful means such as negotiation and dialogue," Baker added.

Cautious Optimism Toward U.S. Economy Recommended

HK2606050991 Beijing RENMIN RIBAO in Chinese
22 Jun 91 p 7

["Economic Jottings" by Sun Yi (1327 3015): "It Is Better To Be Cautiously Optimistic"]

[Text] In a speech delivered in early June, Alan Greenspan, chairman of the U.S. Federal Reserve Board, announced that recently-published economic indicators were "encouraging" and that the U.S. economy would see "a recovery more dynamic than otherwise expected." Since it is well known that Greenspan chooses his words carefully, his optimistic predictions naturally attracted attention.

Based on conclusions drawn from commonly used economic analytical methods, there is reason for

Greenspan's "optimism." Because the inventory and sales registered in the U.S. economy during this recession were not very high and the contradictions in the market were not prominent, the microeconomy in the United States did not suffer serious damage. As long as the Federal Reserve Board modified its financial policy at an appropriate time and took advantage of the "interest effects" (normally, after the Federal Reserve Board lowers interest rates, it takes six to nine months before the real economy is affected) that came about when it lowered interest rates late last year and early this year, it is possible for the economic growth rate in the United States to speed up as it did for a while.

But in terms of macroeconomics, the "optimistic" prediction by Greenspan will have to be tempered enormously. Looking at the entire process of the U.S. economic recession, it will not be hard to discover these distinctive features: First of all, the U.S. economy went into a slump following nine quarters of accelerated growth slowdown, never experiencing a surge before this took place. And during these nine quarters, the Federal Reserve Board, as the most authoritative organ on monetary policy, always tried to engineer a "soft landing" for the domestic economic growth in order to avoid an economic recession, but it never succeeded. In a way, this exposed the vulnerability of the macroeconomic regulatory measures of the U.S. economy. Secondly, the problem in this U.S. economic recession lay in the financial sector which has been turbulent in the past two years. Not a few analysts held that unless the financial crisis is resolved quickly, a structural crisis could ensue. Even the most optimistic estimated that even if the government has both the determination and capability to carry out a restructuring of the financial industry, it would still take time and no results could be expected in the short term. Finally, even if the U.S. economy does recover smoothly, none of the many problems which have accumulated through the years will have been resolved fundamentally, such as the heavy indebtedness, excessively high real estate prices, and enormous government deficits as well as slowdown in productivity growth rate. Obviously, in view of these circumstances, it is difficult to be very hopeful about the prospects for the U.S. economy.

Actually, it has already been suggested in the United States that the vast majority of economists today still depend on the "computerized inventory model." It is not realistic to analyze the present trends in economic growth based on economic indicators of the past 50 years. In fact, many people have posed this question: In view of the visible softening of the U.S. economy and the existence of vast amounts of debt, would the economy still run completely along the lines of the original model?

The objective reality is that after entering the 1980's, the operational modes and decisionmaking mechanism of the U.S. economy have undergone enormous changes, and it is probably necessary that people change the way they study the real economy. It is better to be cautiously optimistic.

Soviet Union

Developments Since Jiang Zemin Visit Reviewed

HK2706033791 Hong Kong KUANG CHIAO CHING
in Chinese No 225, 16 Jun 91 pp 20-23

[Article by Liu Chih-hsu (2692 0037 4825): "Jiang Zemin Visits Soviet Union To Sign Border Agreement; Chinese, Soviet Defense Ministers Hold Secret Talks"]

[Text] CPC General Secretary Jiang Zemin visited the Soviet Union in May and signed an official agreement on the eastern borders. It has been learned that the agreement is more favorable to China.

Soviet Defense Minister Marshal Yazov had face-to-face talks with Qin Jiwei. The talks involved the withdrawal of the 500,000 troops stationed along the Sino-Soviet border and future cooperation and exchanges between Soviet and Chinese armed forces.

What Are the New Developments in Sino-Soviet Relations Following Jiang Zemin's Soviet Visit?

In mid-May, Jiang Zemin held a summit meeting in the Soviet Union with Gorbachev during which he signed an agreement on the eastern borders between the two countries and a "Sino-Soviet Joint Communiqué" was released. Where are the future relations between the two great powers headed? How will the relations affect China and the South-east Asian region? These are significant political events closely watched by people all over the world.

From "Weather Taking a Better Turn" to "What Fine Weather"

Gorbachev visited China in May 1989. Tremendous change has taken place since then in terms of the personnel and political situations of the two countries, as well as in the world situation. When Gorbachev was visiting Shanghai following an "epoch-making" meeting with Deng Xiaoping in May 1989, Jiang Zemin, then secretary of the Shanghai Municipal CPC Committee, welcomed Gorbachev by saying: Because of your arrival, Shanghai's weather has turned better these few days. Gorbachev replied: "I am happy to see that the weather between the Soviet Union and China has improved."

Two years later Gorbachev welcomed the arrival of the supreme Chinese leader in the Kremlin. Both shook hands vigorously and gave their regards, and Jiang Zemin said in Russian: "What fine weather." Gorbachev, smiling, nodded copiously.

Politicians often like to convey the substance of problems in veiled phrases and puns. The "improved weather" Jiang Zemin and Gorbachev talked about means: that relations between the two countries have considerably improved; and "what fine weather" obviously means that in the two years following normalization of relations, there has been smooth cooperation in various fields and both are looking toward bright prospects.

An article in the 13 May 1991 issue of the Soviet *IZVESTIYA* said this about the change in Soviet-Sino "weather" from "cloudy to sunny":

"The political cliches in vogue two years ago—"hegemonism," "Maoism," the "three great obstacles," and so on—vanished without anybody noticing. Political dialogue went ahead smoothly on different official levels: between mayors of border cities, deputy delegates, ministers, and top party and government leaders. Trade and economic relations have also been developing in a mutually beneficial manner and to the satisfaction of both. Border issue talks progressed smoothly. There is now mutual trust, and even amicable feelings, between soldiers of the two countries.... The ties between the CPSU and CPC, which were actively fostered over the last few months, have merited increasing attention." "Both Moscow and Beijing have sufficient reasons to feel satisfied with the fruits from normalization."

Jiang Zemin visited the Soviet Union to further push the development of the two countries' relations in May, when a warm spring had returned and normalization between the two countries had progressed.

Highest Diplomatic Protocol

The Soviet Union, like China, had reformed its protocol and there was no such grand occasion as seen in Pyongyang, the North Korean capital, where welcoming crowds on the sidewalks stretched for 10 miles. But Soviet Vice President Ananyev, CPSU Deputy General Secretary Ivashko, Defense Minister Marshal Yazov, and other high-ranking officials personally welcomed the Chinese guests at the Vnukovo 2 Airport. After reviewing the Soviet guard of honor of the three services, Jiang Zemin was driven directly to the Kremlin in the company of Ivashko to meet with Gorbachev, who had been waiting to welcome him.

The official building situated between the Great Kremlin Palace and Weapons Museum within the Kremlin, was designed and built in the second half of the 19th century by architect Konstantin Thon. Originally a temporary residence for relatives of Russian emperors when visiting Moscow, it is now used to house visiting statesmen and government leaders. It was where Jiang Zemin and Wen Jiabao, director of the CPC Central Committee General Office, lived. High-ranking officials Qin Jiwei, Qian Qichen, Zhu Liang, Li Lanqing, and Wang Weicheng, work staffs, and Chinese reporter teams were to check into the October Guest House, a stone's throw from the Kremlin.

TASS dispatches on that day reported that the Soviet Union accorded the "Chinese guests the respect due the highest-ranking foreign leaders." The ASSOCIATED PRESS reported that "he (Jiang Zemin) received the highest protocol treatment."

Jiang Zemin Presented Gifts

Specially for the children and the elderly of Moscow and Leningrad, Jiang Zemin brought 80 tonnes of gifts of

canned food, sweets, toys, sports shoes, clothing, tea, children's towels, and so on. On 15 May 1991, Yu Hongliang, Chinese ambassador to the Soviet Union, presented gifts to Moscovites on General Secretary Jiang Zemin's behalf. Prokofyev, first secretary of the Moscow City Party Committee, accepted the list of gifts and thanked General Secretary Jiang Zemin on behalf of the city's population, saying that the gifts would mostly be sent to nurseries so that children there would foster friendly feelings toward Chinese people at an early age.

Sources close to Soviet protocol officials said Jiang Zemin's gifts to Gorbachev were a pair of cloisonne-enamel vases and a snail-patterned tray featuring a picture of a phoenix playing with a peony; and to Madame Raisa, a cloisonne-enamel, silver-plated flower basket, a snail-patterned lacquered jewelry box, and a piece of genuine silk clothing. Snail-patterning is a special local handicraft in Yangzhou, Jiangsu and, since Jiang Zemin was born in Yangzhou, he used his hometown handicrafts as gifts. It was said that Jiang Zemin's gifts to Supreme Soviet Chairman Lukyanov, Vice President Ananyev, and Deputy General Secretary Ivashkov all contained Yangzhou-style lacquered vases. His gifts to Prime Minister Pavlov contained a snail-patterned lacquered fruit tray.

Exclusive Meeting Between Jiang Zemin, Gorbachev; the Two Had a Wide-Ranging Discussion

On the afternoon of 15 May, Jiang Zemin and Gorbachev held an exclusive talk joined only by their foreign ministers. The talk lasted two hours and 20 minutes. The next morning, the two held a discussion that covered a wide range of topics. The same afternoon Jiang Zemin met with Lukyanov and Pavlov. It was learned that both the talks and meetings were conducted in a sincere and friendly atmosphere.

During these talks and meetings, both sides exchanged views on bilateral relations, the international situation, and important international issues. Although some people on the Soviet side believed that the Soviet Union should learn from China's successful experiences in economic reform, whenever Jiang Zemin explained China's practices he always stressed: "Countries differ in their situations and reform must be based on their own realities." Jiang Zemin told Gorbachev that political stability was of utmost importance for such a populous and large country as China; without stability it would be very difficult to conduct reform, much less development. From a pedestrian point of view, this experience may be highly relevant to and of utmost importance for a turbulent Soviet Union. But Jiang Zemin was merely stating his understanding gained from China's many years of practice and did not show the least intention of imposing this understanding on others.

After the exclusive talk, Gorbachev said at the evening welcoming banquet: "In my view, what is important is not merely the wide range of the talk, but the tone of the dialogue, its frankness and sincerity, and mutual respect

for each other's interests, views, and customs are equally very important. I am convinced that the meetings during this visit will consolidate and double the indisputable fruits gained from Soviet-Sino cooperation."

Signing of Eastern Border Agreement Is a Great Achievement for Jiang Zemin

One of the great achievements of Jiang Zemin's visit was his attending, in the double capacity of general secretary and Central Military Commission chairman, a ceremony on the afternoon of 16 May for the signing of the Sino-Soviet eastern border agreement.

The border dispute was caused by the Russian tsar's 19th century expansion into the Far East. China did not recognize the unequal treaty imposed on her but maintained that the dispute could be reasonably and fairly resolved on the basis of respect for established reality. This wish did not become a reality in the 1960's and 1970's. On the contrary, there occurred an armed and bloody conflict on Zhenbao Island. Since February 1987, the two governments have held five rounds of border talks, and on 29 April this year signed an agreement on their eastern borders. The agreement was officially signed on the second day of Jiang Zemin's visit to the Soviet Union, settling the longstanding dispute on the eastern borders.

Military Talks That Attracted Attention

The XINHUA news agency only mentioned the face-to-face talks between Soviet Defense Minister **Yazov** and Chinese National Defense Minister **Qin Jiwei** in its consolidated report. TASS only filed one dispatch on the event, reporting that Yazov revealed to TASS reporters that both sides had achieved considerable progress on almost all border issues, saying we had achieved consensus on almost all issues related to cutting troops on the entire Sino-Soviet borders and we had concluded with our Chinese counterpart that in the future the Soviet Armed Forces would boost cooperation with the Chinese People's Liberation Army.

Explore New Ways To Expand Economic, Trade Cooperation

Mutual economic supplements dominate Sino-Soviet economic and trade cooperation. **Li Lanqing**, minister of foreign economic relations and trade and a member of Jiang Zemin's entourage, held a face-to-face talk with his Soviet counterpart, **Katushev**, to explore ways to expand economic and trade cooperation. Because the six documents Premier **Li Peng** signed during his visit to the Soviet Union a year ago outlining long-term economic and scientific and technological cooperation and development, were already encompassing, Jiang Zemin did not sign any new agreements with the Soviet Union during his visit.

Making Friends in the Soviet Union

Jiang Zemin once was trained and worked in 1955-56 at the Likhachev automobile plant in Moscow and was very pleased to visit the plant again and meet old friends there. The warm and enthusiastic atmosphere during the tour of the plant and the meeting with Soviet friends at the Chinese Embassy was beyond words. Jiang Zemin's sincere friendship, fluent Russian, and musical talent endeared him to Russian friends (whether those he knew or those he had not met before; or among old or young). People who attended the friendly meeting at the Chinese Embassy would probably never forget the passions when Jiang Zemin, **Arkhipov**, and other friends sang "Faraway Place," "Harbor Night," "Along Mountains and Plains," and "Praise to Our Fatherland."

People observed that Jiang Zemin seemed to particularly like children. In Leningrad, having laid a wreath at the **Piskaniyev Mausoleum**, he walked straight into the crowd and held a three year old in his arms. When touring the No. 5 Leningrad Boarding School, he made an impromptu speech expressing his wish to see Sino-Soviet friendship take root among adolescents.

An Italian Reporter Asked: Will Deng Xiaoping Be Briefed Upon Your Return Home?

On the afternoon of 17 May 1991, Jiang Zemin held a news conference at the Soviet Foreign Ministry Information Center. Questions asked by Russian reporters in Russian were translated by the general secretary's translation officer, **Gong Jianwei**, into Chinese, while Western reporters' questions were translated into Chinese from the Russian simultaneous translation provided by the center. During the session, problems were experienced with the Russian simultaneous translations and **Gong Jianwei** was desperate. Jiang Zemin, proficient in both Russian and English, whispered to **Gong** that he had understood the questions. In answering questions, Jiang Zemin would sometimes speak directly and fluently in the foreign language on key points, drawing praise from the crowd of reporters.

In all, Jiang Zemin answered questions from one Chinese reporter, four Russian reporters, and five reporters from other countries.

A Japanese reporter asked: What are the divergences between the two sides? Jiang replied: I feel that you are interested in learning our divergences but my current visit is to promote the development of good-neighborly and friendly relations between the two countries.

A Spanish reporter solicited Jiang Zemin's view on Soviet reform. Jiang Zemin replied: The Soviet Union has its own reform policy based on its own situation. I understand your wish for me to talk about the Soviet reform. But I am sorry to say that I could not possibly gain a full understanding of Soviet reform in a few days of visit. But I can give you some of my views on China's reform if you are interested.

The most intriguing question came from an Italian reporter: Was there anything you discussed with Deng Xiaoping before you came? And do you need to drop a note to him after returning?

Jiang Zemin immediately replied: A year ago, Comrade Deng Xiaoping resigned from his post. If you mean that I must seek his instruction before the visit and report to him after it, that is a misunderstanding. Deng Xiaoping resigned from all posts to let younger comrades boldly take the job into their own hands. But if you mean did we exchange views, then I can tell you: In China there exists the good tradition of seeking advice from veteran comrades. I can seek advice not only from Deng Xiaoping, but also from other veteran or young comrades.

Some Western reporters remarked that Jiang Zemin's replies were pragmatic, fair, reasonable, and closely knit without any loose ends.

Novosibirsk Oblast Chairman Continues Visit

Meets Sun Weiben

SK2706063591 Harbin Heilongjiang People's Radio
Network in Mandarin 2100 GMT 26 Jun 91

[Text] On the evening of 26 June, at Huayuancun Guest House in Harbin, Sun Weiben, chairman of the provincial People's Congress Standing Committee, met Mukha, chairman of the Congress of Soviet People's Deputies of Novosibirsk Oblast and chairman of the Novosibirsk Oblast Soviet Executive Committee.

On behalf of the Heilongjiang Provincial People's Congress, Sun Weiben extended a welcome to Chairman Mukha and his delegation. He said: There has been a traditional friendship between the people of Heilongjiang Province and Novosibirsk Oblast and between the province and the oblast. We very much cherish the cooperation between the two sides. It is hoped that in the future cooperation, the two sides will further strengthen friendship, deepen understanding, and make contributions to the common prosperity of the Chinese and Soviet people.

Chairman Mukha said: While visiting Heilongjiang Province, we have visited many plants and enterprises, and have fully experienced the traditional friendship between the people of the two countries. There are bright prospects for the cooperation between the province and the oblast in the fields of trade, science and technology, the economy, and culture.

Shao Qihui, Wang Jun, Du Xianzhong, and Wang Yufu attended the reception.

Signs Cooperation Agreement

SK2706070791 Harbin Heilongjiang People's Radio
Network in Mandarin 2100 GMT 26 Jun 91

[Text] On the evening of 26 June, at Huayuancun Guest House, Heilongjiang Province and Novosibirsk Oblast

signed an agreement on establishing relations of friendly cooperation and exchange. Shao Qihui, governor of Heilongjiang Province, and Mukha, chairman of the Congress of Soviets Peoples Deputies of Novosibirsk Oblast and chairman of the Novosibirsk Oblast Soviet Executive Committee, signed the agreement.

The agreement stipulates: In terms of trade, the barter trade between the two sides will be gradually transformed to spot trade, with the transition period fixed at five years. In economic cooperation, the two sides will strengthen contacts in the forms of joint investment and cooperation in the fields of agricultural products, foodstuffs, and construction. In science and technology, the two sides will exchange experiences in the fields of geology, computers, agricultural machinery, animal husbandry, and scientific and technological [words indistinct]. At the same time, the two sides will strengthen cooperation by exchanging teachers and students and in the fields of education, culture, and sports.

Northeast Asia

Qian Qichen Continues Official Visit to Japan

Discusses Ties With Nakayama

HK2706104191 Beijing RENMIN RIBAO in Chinese
27 Jun 91 p 6

[Report by Yu Qing (0060 7230): "Qian Qichen Holds Talks With Japanese Foreign Minister"]

[Text] Tokyo, 26 Jun (RENMIN RIBAO)—Qian Qichen, Chinese state councilor and foreign minister who is here on a visit, held talks with Japanese Foreign Minister Taro Nakayama this morning. They exchanged views on bilateral relations and international issues of common concern.

Since the beginning of this year, Foreign Minister Qian said, relations between the two countries have developed smoothly thanks to the concerted efforts of both China and Japan. The Chinese side is satisfied with this. Both China and Japan are important countries in Asia. The relations of friendly cooperation between the two countries conform to the fundamental interests of their peoples and are conducive to peace, stability, and development in the region.

As neighbors in Asia, Foreign Minister Nakayama said, frequent exchanges of views between the foreign ministers of Japan and China are absolutely necessary. The Japanese Government will continue to support China's reform and opening up and its modernization program.

Both sides discussed the question of Prime Minister Kaifu's scheduled visit to China and reached a consensus. Nakayama said that Prime Minister Kaifu is earnestly awaiting for his visit to China in the coming August. The Japanese Government attaches great importance to the visit.

Qian Qichen said that Premier Li Peng warmly welcomes Prime Minister Kaifu's visit to China. The Chinese Government attaches primary importance to Prime Minister Kaifu's visit and will do its utmost to make the visit successful. Through Prime Minister Kaifu's visit, we hope that both sides will be able to determine the direction and guiding principles for Sino-Japanese relations in the coming decade so that relations between the two countries can develop smoothly into the 21st century.

Both sides reached agreement in principle on commemoration of the 20th anniversary of normalization of diplomatic relations between China and Japan. Both sides insisted that in the 20 years since the normalization of relations between the two countries, they have made great progress in their friendly cooperation in various fields and the occasion is worth commemorating by the governments and peoples of the two countries. Both sides have initially decided to promote and develop understanding and traditional friendship between the peoples of the two countries through exchange visits by the highest leaders of the two sides and holding large-scale cultural exchange activities.

Both sides also made significant explorations on the Japanese emperor's visit to China. Foreign Minister Qian said that China welcomes his majesty the Japanese emperor and her majesty the empress to visit China at their convenience. He said that Chinese leaders have invited the Japanese emperor to visit China on numerous occasions. His majesty the Japanese emperor also has the intention of visiting China. If the Japanese emperor and the empress can visit China in the coming year, they will be accorded a warm welcome by the Chinese Government and people. Exchange visits between the heads of state, which is a major event in Sino-Japanese history, will give an immense impetus to the friendship between the peoples of the two countries for generations and produce a far-reaching influence. Foreign Minister Nakayama said that the Japanese Government will study the issue with a forward-looking approach.

On the Cambodian issue, both sides welcomed the new progress made at the current meeting of the Supreme National Council of Cambodia in Pattaya. They hoped the warring factions in Cambodia will adopt a flexible and constructive approach so as to give impetus to the political solution of the Cambodian issue in a comprehensive, just, and rational way.

On the question of the Korean peninsula, both China and Japan expressed their support for North and South Korea applying for U.N. membership at the same time, and hoped that the situation in the Korean peninsula would further tend toward relaxation and stability.

Foreign Minister Nakayama briefed Qian on Japan's views and proposals on arms control and trade. Foreign Minister Qian said that China has consistently maintained a serious position on the issue, and that arms control and limitations on the arms trade in the Middle East should abide by the principle of comprehensiveness

and equilibrium. Regarding this, we hope that the major arms exporting countries will adopt a stance of self-restraint on the issue.

Considers Talks 'Fruitful'

OW2606165491 Beijing XINHUA in English
1552 GMT 26 Jun 91

[Text] Tokyo, June 26 (XINHUA)—Visiting Chinese Foreign Minister Qian Qichen said here today that his talks with his Japanese counterpart were fruitful.

Speaking at a luncheon given in honor by six organizations promoting friendly relations between Japan and China, Qian said he discussed with Taro Nakayama a number of bilateral and regional issues of common concern.

He said they reached an agreement on Japanese Prime Minister Toshiki Kaifu's visit to China, adding that they also agreed to take measures to mark the 20th anniversary of the restoration of diplomatic ties between the two countries.

The two sides also exchanged views on the international situation and reached consensus on many issues, Qian said.

Recalling Sino-Japanese relations, Qian pointed out that there existed some difficulties between the two countries over the past few years.

However, he noted, these difficulties have been overcome thanks to the consistent efforts made by the governments and the peoples of the two countries.

The Chinese foreign minister expressed the hope that the friendly and cooperative Sino-Japanese relations would be further improved.

He said China and Japan, two major countries in Asia, should take further steps to enhance their friendly relations.

Meanwhile, Masayoshi Ito, president of the Friendship Association of Japanese-Chinese Parliaments, called on the two countries to make vigorous efforts to promote their relations.

Late in the day, Qian also met with some Japanese Government and the ruling Liberal Democratic Party officials.

Welcomes Upcoming Kaifu Visit

OW2706090591 Beijing XINHUA in English
0851 GMT 27 Jun 91

[Text] Tokyo, June 27 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen said here today his country will exert utmost efforts to make Japanese Prime Minister Toshiki Kaifu's coming visit to Beijing a success.

During a 30-minute meeting at the prime minister's official residence, Qian told Kaifu that China welcomes his visit scheduled for August 10-13 as a big event in Sino-Japanese relations.

Noting that he came to Japan in preparation for the Japanese prime minister's visit, Qian expressed his hope that Kaifu's trip will be a turning-point in the annals of the bilateral relations.

Prime Minister Kaifu said he is looking forward to the coming visit. 1992 will be an important year for both Japan and China as it marks the 20th anniversary of the restoration of their diplomatic ties, Kaifu said. "I hope the two countries will further boost bilateral relations on the basis of mutual trust."

Friendship between the two countries is of great importance to peace and prosperity in Asia and the whole world, Kaifu said, adding "I very much cherish Japan-China friendly relations, and consistently support China's reform and open-door policy."

Qian agreed with Kaifu and thanked him and the Japanese Government for their efforts to enhance bilateral relations.

During the meeting, Kaifu and Qian also exchanged views on some regional issues of common concern.

Kaifu said he hoped that Japan and China would continue efforts to solve the Cambodian issue, and that the relations between Tokyo and Pyongyang could be normalized through negotiations.

At the beginning of the meeting, Qian conveyed Chinese Premier Li Peng's greetings to Kaifu. Kaifu in return asked Qian to convey his greetings to Li and some other Chinese leaders.

The Chinese foreign minister, who arrived here on Tuesday for a four-day official visit, left Tokyo this afternoon for Nara, an ancient city in western Japan. He is scheduled to return home Friday.

While in Tokyo, Qian also met with former Japanese prime minister Yasuhiro Nakasone, Noboru Takeshita and some other government and ruling Liberal Democratic Party leaders.

Wang Zhen Receives Japanese Industrialists

OW2606133091 Beijing XINHUA in English
1223 GMT 26 Jun 91

[Text] Beijing, June 26 (XINHUA)—Chinese Vice-President Wang Zhen met here today with a Japanese group which will have a study tour of the Tarim oil field in China's Xinjiang Uygur Autonomous Region.

During the meeting, Wang expressed his welcome to the Japanese industrialists led by Kiroaki Kitamura, director-general of the Asian Exchange Association of Japan.

Wang said he had worked and lived in Xinjiang for many years, and assured the Japanese visitors that they will be warmly received by his friends there.

He said that Sino-Japanese relations are now getting better and better. He said he hoped the two sides will solve the existing problems between them so as to

facilitate the further growth of the cause of friendship between the two countries and the two peoples.

Kiroaki Kitamura said he is very delighted to see China enjoys stability and unity, which is of great importance for the Chinese people and the Japanese people as well.

He said he will continue to work hard to promote Japan-China economic cooperation and is willing to contribute to China's development.

The delegation arrived here June 25 at the invitation of the China National Petroleum Corporation.

Yang Shangkun Meets Mongolian Vice President

OW2606102091 Beijing XINHUA in English
0815 GMT 26 Jun 91

[Text] Beijing, June 26 (XINHUA)—Chinese President Yang Shangkun met with a visiting delegation led by Mongolian Vice-President and Chairman of the Mongolian Small Hural R. Gonchigdorj here today.

According to a Chinese official present at the meeting, Gonchigdorj, on behalf of Mongolian President P. Ochirbat, invited Yang to visit his country. Yang received the invitation with pleasure and promised to pay the visit within this year, the official said.

Yang said that China and Mongolia are close neighbors and relatives and that the long Sino-Mongolian border makes contacts and cooperations between them convenient.

He said that relations between the two countries have developed very well and that the exchange of visits by their leaders will strengthen friendship between them.

Gonchigdorj said that the Mongolian people are looking forward to Yang's visit.

The bilateral relations have entered a new stage of development since President Ochirbat's visit to China last year, the Mongolian vice president said, adding that Yang's future visit will promote the bilateral relations.

DPRK Official, U.S. Senator Hold Secret Talks

SK2606065291 Beijing Radio Beijing in Korean
1100 GMT 25 Jun 91

[Text] Kang Sok-chu, vice minister of the DPRK Foreign Ministry, held secret talks with U.S. Senator Bob Smith at Tongilgak, the North side's area in Panmunjom, yesterday.

A delegate of the Korean Supreme People's Assembly said in a news conference that Smith came on authorization of the U.S. Government and held talks with Vice Minister Kang Sok-chu.

Both sides held an approximately 30-minute talk, discussing issues concerning DPRK-U.S. relations. The talk bore positive fruit.

Smith came to Panmunjom to get the remains of U.S. soldiers killed in the Korean war.

CPPCC Delegation Departs for DPRK

*OW2606125991 Beijing XINHUA in English
1209 GMT 26 Jun 91*

[Text] Beijing, June 26 (XINHUA)—A delegation from the Chinese People's Political Consultative Conference [CPPCC] headed by Qian Zhengying, vice-chairman of the CPPCC National Committee, left Beijing by train today for a visit to the Democratic People's Republic of Korea.

The delegation has been invited by the Democratic Front for the Reunification of the Fatherland.

Trade Union Sends Message To DPRK Counterpart

*SK2606064591 Beijing Radio Beijing in Korean
1100 GMT 24 Jun 91*

[Message sent by All-China Federation of Trade Unions to the General Federation of Trade Union of Korea on the occasion of the 41st anniversary of the start of the Korean "Fatherland Liberation War"—read by announcer]

[Text] To the General Federation of Trade Union of Korea, Pyongyang:

On the occasion of the 41st anniversary of the start of the Korean Fatherland Liberation War, we, on behalf of all Chinese workers, express noble respect for you, and, through you, for the heroic Korean workers and people.

The two countries of China and Korea are linked together with the same mountains and water, and the workers and the people of the two countries are exceedingly intimate brothers.

In his New Year address, President Kim Il-song pointed out that Korean reunification should duly be realized by means of a confederation system based on one nation, one state, two systems, and two governments.

The Chinese working class and trade unions have consistently maintained and still maintain that, under the condition in which no foreign forces intervene, the issue of Korean reunification should be settled through dialogue and negotiations between both sides of the North and the South, and that the United States should duly withdraw all its forces and military facilities from South Korea.

The Chinese working class and people, as in the past, will continue to support the just cause of the Korean working class and people to realize the independent and peaceful reunification of the fatherland.

We are convinced that the Korean working class and people, through their steady efforts, will overcome all difficulties and hardships in the way of their advance and will achieve the great cause of national reunification,

We sincerely hope that the brotherly Korean working class and the people will, through sustained efforts, achieve new success in the process of realizing the magnificent target of

the Third Seven-Year Plan for the national economy and in the cause of realizing the independent and peaceful reunification of the fatherland.

We hope that the friendship of the working class and the people between China and Korea will be handed down from generation to generation.

[Signed] All-China Federation of Trade Unions

[Dated] 21 June, 1991

Southeast Asia & Pacific**Progress at Cambodian Council Meeting Reviewed**

*OW2606153491 Beijing XINHUA in English
1444 GMT 26 Jun 91*

["Roundup: SNC Meeting Sees Progress in Solving Cambodian Issues (by Qi Deliang)"—XINHUA headline]

[Text] Phatthaya, Thailand, June 26 (XINHUA)—The three-day meeting of the Supreme National Council (SNC) of Cambodia ended here today after deciding to set up several working groups to study in detail about rules and regulations of the SNC.

Speaking to reporters after today's meeting, Samdech Norodom Sihanouk, current SNC meeting chairman, said the 12 SNC members agreed to establish several working groups to study the SNC's rules of procedures, the electoral laws and principles of the new constitution of Cambodia.

Observers here said some substantial progress has been made at the just-concluded SNC meeting on certain issues, and all SNC members were satisfied with the outcome of the meeting.

The observers added that the agreements signed in the last two days of the meeting on the SNC function and an indefinite ceasefire in Cambodia marked a beginning for a real political settlement of the 12-year-old Cambodian conflict.

Under the agreements, the SNC will be the highest-level governing body in Cambodia and it will symbolize sovereignty, unity and territorial integrity of the country.

Moreover, the SNC will have the honor to receive letters of credence from foreign ambassadors, dispatch Cambodia's ambassadors abroad and represent Cambodia in foreign countries as well as all international organizations.

The meeting also decided to set up SNC headquarters in Phnom Penh provided that SNC members from each party must have their own residences in Phnom Penh, and that the two co-chairmen of the Paris International Conference on Cambodia (PICC) must have their permanent missions accredited to the SNC in Phnom Penh.

The U.N. secretary general, the five permanent members of the U.N. Security Council, the ASEAN countries and those who participated in the PICC must also have their missions in Phnom Penh.

Although no agreement has been reached on the SNC chairmanship at the meeting, the SNC members agreed that Samdech Norodom Sihanouk will preside over all the SNC meetings in the future.

Referring to the indefinite ceasefire in entire Cambodia starting from June 24, Sihanouk said at a news briefing today that the SNC will ask the United Nations to send military teams to his country to help monitor the ceasefire.

It was also agreed that the problems concerning the implementation of the framework document of five permanent members of the U.N. Security Council, the SNC chairmanship and other key issues will be discussed again at the next meeting to be held at the former Cambodian Embassy in Bangkok.

It was the first time for all the 12 members to sit together to discuss a peaceful settlement of Cambodian issues all by themselves. The PICC co-chairmen and representatives from the United Nations were only invited to attend as observers.

Resistance sources commented that the results of the SNC meeting were positive, and will help push forward the peace process for a comprehensive political settlement of the Cambodian conflict.

Near East & South Asia

Trade With Mideast To Resume 'Gradually'

HK2606155191 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1200 GMT 21 Jun 91

["Special article" by Luo Ping (7482 1627): "China Gradually To Resume Economic Relations, Trade With Middle East"]

[Text] Hong Kong, 21 Jun (ZHONGGUO TONGXUN SHE)—Yesterday, the Chinese Ministry of Foreign Affairs announced that Premier Li Peng will begin his 12-day official visit to six Middle East nations—namely, Iran, Jordan, Kuwait, Saudi Arabia, Syria, and Egypt. Previously, trade between these six countries and China had developed substantially, but it was later affected by the Gulf war and decreased. Analysts believe Premier Li Peng's visit will promote the gradual resumption and normal development of China's trade and economic exchanges with these six countries and the Mideast region as a whole.

Because of the influence of the Gulf war, China's exports to the six countries, with the exception of Syria, declined by a substantial margin in the first quarter of this year. Export to Kuwait was most seriously affected. China's trade with Kuwait almost completely stopped. China's

exports to Iran, Saudi Arabia, Jordan, and Egypt decreased separately by 35.5 percent, 38.1 percent, 76.9 percent, and 19.6 percent.

During the same period, China's imports from the six countries were also affected to different degrees. Chinese imports from Kuwait and Jordan were completely nil, while imports from Syria decreased by 58 percent. China's imports from Iran, Saudi Arabia, and Egypt, however, increased separately by 86.6 percent, 270 percent, and 3,900 percent.

Last year, bilateral trade between China and Saudi Arabia recorded the largest amount among trade between China and other five countries. The total volume of Sino-Saudi trade in 1990 exceeded \$418.6 million, an increase of 25.6 percent over in 1989. This was followed by Sino-Iranian trade, the total volume of which reached \$361.9 million, an increase of 66.8 percent over the previous year. The second runner-up was Sino-Syrian trade, with a total volume of \$137.2 million and a 27-fold increase. The third runner-up was Sino-Kuwaiti trade, with a total volume of \$123.8 million and a decrease of 30.8 percent. Sino-Jordanian trade ranked fifth place, with a total volume of \$109.3 million and a decrease of 41 percent. China's trade with Egypt ranked last, and the total volume was \$91.4 million, an increase of 7.5 percent.

With the end of the Gulf war and Premier Li Peng's visit, China's trade with the six nations will be gradually resumed and normally developed.

Relief Goods Donated to Afghan Refugees

OW2706100291 Beijing XINHUA in English
0932 GMT 27 Jun 91

[Text] Islamabad, June 27 (XINHUA)—Chinese relief goods worth about 522,000 U.S. dollars for Afghan refugees, including blankets, rubber overshoes, slippers and canned food, were handed over to the Pakistan Government at a ceremony today.

While handing over the goods on behalf of the Chinese Government, Chinese Ambassador to Pakistan Zhou Gang assured that the Chinese Government and people will as always continue to provide the Afghan refugees with relief and assistance.

He expressed the hope for an early political solution to the Afghanistan issue so that three million Afghan refugees in Pakistan can return to their homeland peacefully and with dignity.

Speaking on the occasion, a Pakistan Government official said that the donation from China conforms the sincere solicitude and deep friendly feelings of the Chinese people for the humanitarian cause of Afghan refugees.

He thanked the Chinese Government for its humanitarian assistance for the welfare of the Afghan refugees.

Sub-Saharan Africa

XINHUA Covers Seychelles President's Visit

Arrives in Beijing

OW2506101091 Beijing XINHUA in English
0956 GMT 25 Jun 91

[Text] Beijing, June 25 (XINHUA)—France Albert Rene, president of the Republic of the Republic of Seychelles arrived here this afternoon for a five-day state visit to China at the invitation of Chinese President Yang Shangkun.

Gao Dezhan, chairman of the Chinese Government Reception Committee and Minister of Forestry, went to the airport to greet Rene and his party.

Received by Yang Shangkun

OW2606114291 Beijing XINHUA in English
0947 GMT 26 Jun 91

[Text] Beijing, June 26 (XINHUA)—Chinese President Yang Shangkun met with President France Albert Rene of Seychelles here this morning in the Great Hall of the People.

According to sources at the Foreign Ministry, Yang extended a warm welcome to Rene, who is visiting here in the wake of the 15th anniversary of the establishment of diplomatic ties between the two nations. He expressed his belief that the current visit would serve to further promote and strengthen the existing friendly relations of co-operation.

Yang spoke highly of the Seychelles Government and people, under the leadership of Rene, for their achievements in maintaining social stability, developing their national economy and improving their living standard.

He said he appreciated the foreign policy of the Seychelles Government and, in particular, its efforts to enhance unity and co-operation among nations in the South-West Indian Ocean region.

Yang noted that he was satisfied with the growth of friendly ties of co-operation in all fields between China and Seychelles, and that China is willing to continue this relationship on the basis of the five principles of peaceful coexistence.

Speaking of the situation in China, Yang said that as China is a large country with a big population and rich natural resources, it should make even more contributions to peace and development in the world.

"We are now focusing on economic development: First, we aim to develop the economy in a self-reliant way and improve the living standards of the people; second, we will fully implement the reform and open policy," he said, adding, "we have opened five special economic zones and a dozen cities to the outside world and are willing to conduct economic exchanges with the whole world."

Yang said that in the past decade, the reform and open policies have turned out to be great successes and been proved to be correct. The political and economic situation, as well as order in other fields in China, are stable, he said.

"Without political stability, it is impossible to develop the economy," Yang said, adding that the Chinese people would continue to march on the correct road they themselves have chosen.

During the meeting Rene said he was very happy to visit China for the fourth time, and in recent years Seychelles has closely followed developments in China.

He noted that the representative of the most populous country and that of one of the least-populous nations had met and this illustrates the greatness of China. Seychelles has chosen to establish a socialist society which works for the benefit of all the people, he added.

Rene thanked China for its assistance to the economic growth in Seychelles and expressed the belief that the bilateral friendly ties of cooperation in all fields would gain continuous development.

Gao Dezhan, chairman of the Chinese Government Reception Committee and Minister of Forestry, was among those present on the occasion.

Prior to the meeting, Yang presided over a ceremony to welcome Rene, and Chinese State Councillor Li Tieying was present.

Later today, Yang is scheduled to host a dinner for Rene and his party.

Confers With Li Peng

OW2606132091 Beijing XINHUA in English
1208 GMT 26 Jun 91

[Text] Beijing, June 26 (XINHUA)—Chinese Premier Li Peng and visiting President France Albert Rene of Seychelles held talks here today.

According to sources at the Foreign Ministry, Li extended welcome to Rene, who came here from the southwest Indian Ocean region.

He said, "We are especially happy to notice that you have come as the two countries are marking the 15th anniversary of the establishment of diplomatic ties. We are satisfied with the smooth growth of bilateral ties in the past 15 years."

Li noted that China is willing to develop friendly relations of cooperation with all Third World nations, including those in the Indian Ocean region, on the basis of equality and mutual benefit.

"We are happy to see the Seychelles Government and people, under the leadership of Rene, have made unremitting efforts and scored gratifying achievements in

maintaining social stability, developing their national economy and improving their living standard," he said.

Li stated that the Chinese Government and people wished the Seychelles continuous progress and development.

During the talks, Rene said he was glad to visit China again.

He said that during his stay here, he saw the progress China has made in recent years. Under the current world situation which has been undergoing rapid changes, he went on, it is important for the leaders of the world's most populous nation and one of the least populous nation to hold talks.

This also demonstrates that China is implementing the principle that all countries, big or small, should be treated as equals, he said, adding he hoped China would play greater role in the international affairs.

The two leaders also exchanged views on some international issues of common concern.

West Europe

EC-EFTA Talks Fail To Resolve Differences

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[Text] Vienna, June 25 (XINHUA)—A ministerial meeting of the European Community (EC) and the European Free Trade Association (EFTA) failed to solve differences Tuesday on signing a historical free trade agreement.

The two-day gathering, which began Monday in Austria's western city of Salzburg, was a follow-up meeting of the June 19 EC-EFTA ministerial conference in Luxembourg to discuss the signing of the free-trade deal, virtually merging the two blocs as of 1993.

The 12-nation EC and the seven-nation EFTA began one year ago negotiations to forge—as the EC single market to be created on January 1, 1993—a free trade "European economic area" of 380 million consumers among the 19 nations.

Under the proposed deal, the EC would be able to extend its notions of a free movement of people, goods, services and capital to the EFTA states of Norway, Sweden, Austria, Finland, Iceland, Switzerland and Liechtenstein.

The accord was intended to let EFTA benefit from the EC single market and give the EC better access to EFTA markets.

The treaty on creating such a free-trade area had been scheduled for signing at this ministerial meeting in Salzburg, but angry disputes between the two parties, focused on fishing rights and EC's truck driving through Austria and Switzerland, delayed the work.

Because major differences still remain, both the Luxembourg and Salzburg meetings fail to produce positive results and the signing of the accord may be delayed for the second time.

A final communique issued at this ministerial meeting conceded, "on some outstanding questions, the respective positions were converging, while on others further work remained necessary."

Austrian economic minister Wolfgang Schuessel, whose country hold the EFTA presidency, said following the meeting that there were "extreme difficulties" among the negotiators about the acceptance of results of the Luxembourg meeting.

Among the unresolved issues are that of fishing rights—vital to the economies of EFTA countries of Iceland and Norway—and the failure of Austria and Switzerland to reach bilateral agreement on a transit traffic policy acceptable to the EC.

But the issue of fishing rights leads the disputes. EFTA member states demanded that their sea products have free access to EC markets. But this demand poses a serious threat to the EC's fishing markets which are already oversupplied by the community's own catches. So the EC hopes to attach a condition to this demand—either side can freely use the other's fishing resources.

EFTA had rejected this condition.

It was not until the Luxembourg meeting that the two parties showed some flexibility on this issue: The EC agreed to only "use EFTA sea product resources with restrictions," while the latter offered some fishing quotas for the EC states of Spain and Portugal to have catching operations in EFTA waters.

However, the two sides failed to reach agreement on setting ceilings on catching, and proportions for opening fishing resources.

Road transport is another controversial issue. Switzerland and Austria refused to allow EC trucks of more than 28 tons to pass their borders because of their environmental policies. They also insisted that trucks should not travel at night to their territories.

But some EC states called the refusal unreasonable because it would mean that a major transport line between the south and north of Europe was cut. And EC warned that it was not possible for the free-trade treaty to be signed without a solution to this issue.

Schuessel said that in all, there are 18 points still up for negotiation in a variety of areas.

The final communique issued at this ministerial meeting said negotiators would be working towards a final agreement before the summer recess, with the aim of signing the treaty some time in the coming autumn, in order that the free-trade European economic area can be created on January 1, 1993, as hoped.

Political & Social

Li Peng Addresses Diaoyutai Club Gathering

Views MFN, Arms Control

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["Li Peng Speaks at the Diaoyutai State Guest House Club (by reporters Zhou Cipu (0719 1964 2613) and Lu Jing (4151 0513))"—XINHUA headline]

[Text] Beijing, 26 Jun (XINHUA)—Speaking at a gathering at the Diaoyutai State Guest House Club yesterday, Premier Li Peng expressed 'he hope that the club will not only provide Chinese and foreign economic figures with a place for cultural and recreational activities, but also make contributions to promoting economic cooperation and exchanges between China and various countries and regions of the world.

The Diaoyutai State Guest House Club was officially established in 1988. Its members include the presidents, board directors, and general managers of large Chinese and foreign enterprises, as well as the chief representatives of the Beijing-based missions of enterprises and commercial firms in Hong Kong and Macao. Since its founding, the club has become an important center for Chinese and foreign economic figures to exchange information and enhance mutual understanding.

Members of the club held a club's day activity at the Fangfei Garden of the Diaoyutai State Guest House yesterday evening. Premier Li Peng attended the gathering. He was invited to make an impromptu speech on China's current economic situation and reform and open policy.

Li Peng pointed out: Although China's economy is still faced with some difficulties at present, it has gone through the most difficult period. Not only has the economy been restored in an all-around way, it is developing in the right direction.

He said: Industrial growth in the first half of this year is expected to exceed 10 percent. In agriculture there have been two consecutive years of bumper harvests. The state has adopted a positive purchasing policy to protect the peasants' enthusiasm for growing grain. Up until now the state has purchased more than 25 million metric tons of grain to be used as state reserves. Because of the expansion of foreign trade, China's foreign exchange reserves have reached \$32 billion.

Li Peng pointed out: The major reason for the rise in China's foreign exchange reserves is the increase in China's exports. At the same time, because some Western countries imposed economic sanctions against China in the past two years, China was unable to obtain loans that had been originally promised. As a result, China was unable to import foreign commodities in accordance with the contract plans. Thus, imports failed to follow the increase in exports.

He said: In industrial production for now and in the future, the main effort should be focused on raising economic efficiency and the quality of products, not on the growth rate. He stressed: "Primary importance should be given to enhancing the economic performance of enterprises."

Li Peng said: China's economic development has provided a more favorable condition for reform and opening to the outside world. Briefly speaking, economic reform in China means to establish an economic operation mechanism that integrates the planned economy with market regulation. In other words, it means absorbing the strong points of both into the economic activities of China.

On the issue of the Chinese Government's May adjustment of the price of grain in the cities, Li Peng said: This is an important measure in China's price reform. Thanks to the understanding and support of urban residents nationwide and an adequate grain reserve in China, this important price reform is progressing quite smoothly.

Li Peng said: China also is making great headway in the execution of its policy of opening to the outside world. There are now approximately 32,000 foreign-funded enterprises nationwide. Agreements worth over \$40 billion have been signed with \$17 billion actually committed. The export volume of these foreign-invested enterprises is approximately \$7.8 billion. The trade volume in China of enterprises processing foreign-supplied materials is around \$10 billion. He pointed out that maintaining China's most-favored-nation (MFN) status with the United States will benefit these two kinds of enterprises as well as Hong Kong's economy, and is also consistent with the interests of the vast numbers of American consumers. The MFN status is reciprocal, he added.

He pointed at a representative of the Boeing Company beside him and said humorously: China has ordered three passenger planes from the Boeing Company this year, and negotiations for another 15 are in progress. If the MFN status is suspended, Boeing will lose the order; if the MFN status is maintained, there will be more orders.

Li Peng stressed: "Because we all live on the same earth, we should surmount our differences in social systems, ideologies, religions, lifestyles and other aspects, and we should cooperate with and help each other to seek world peace and common progress. That is the most important thing."

In his reply to a question by an American entrepreneur, Li Peng stated clearly that the Chinese Government will not accept the MFN status with any conditions attached. He said: China appreciates the sensible attitude [ming zhi tai du—2494 2535 1966 1653] shown by President Bush on this issue. The Chinese side has made great efforts for the extension of the MFN status.

Commenting on the issue of arms control, Li Peng said: China adopts a positive attitude towards the issue of arms control, and its arms exports are very limited. The

Chinese Government is willing to participate in negotiations and consultations on arms control that will contribute to world peace and regional stability.

Notes Economic Recovery

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[Text] Beijing, June 26 (XINHUA)—Chinese Premier Li Peng said here yesterday that China's economy has achieved a total recovery and is heading in a favorable direction.

Addressing the attendants at a dinner given by the Diaoyutai State Guesthouse Club, Li said China's economy has tided over its most difficult period, despite the fact that there are still some difficulties.

The industrial growth rate in the first half of the year is estimated at over 10 percent, and agriculture has seen two straight years of bumper harvests, Li said.

To motivate the farmers to produce more grain, Li said, the state has adopted active purchasing measures. The state has so far purchased more than 25 million tons of grain for state reserves.

Besides, Li said, due to the development of foreign trade, the State Foreign Exchange Reserves have surpassed 32 billion U.S. dollars.

Li attributed the sharp increase in foreign exchange reserves to the growth of China's export. He explained that because of the sanctions imposed by some Western countries in the past two years, China had not been able to obtain the loans it needed to import foreign commodities, in accordance with contracts, and the growth of imports lagged behind that of exports.

Li said the industrial production today and in the future will focus on improvement of economic performance and product quality, rather than the growth rate.

He said the development of the economy has created better conditions for China's policy of reform and opening to the outside world.

He described China's reform as aimed at establishing a system which combines a planned economy with market regulation, and utilising the advantages of both in economic activities.

Commenting on the work to raise the price of grains in China's urban areas in May, Li described it as a major measure of China's price reform, saying the work proceeded smoothly because this measure had won understanding and support from urban residents and the state had abundant grain reserves.

Members of the Diaoyutai state guesthouse club include managers of large Chinese and resident foreign enterprises, and business institutions. Since its founding in 1986 the club has become an important rendezvous for Chinese and foreign businessmen to exchange information and increase mutual understanding.

The premier also expressed the hope that the club would play an active part in promoting Sino-foreign economic co-operation and development.

Several hundred Chinese and foreign entrepreneurs, businessmen, diplomats and journalists attended yesterday's activity.

Hu Qiomu Article Marks CPC Anniversary

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[Article by Hu Qiaomu (5170 0829 2606): "How CPC Has Developed Marxism: Written To Commemorate CPC's 70th Founding Anniversary"]

[Text] The past seven decades since the founding of the CPC were the decades of Marxism's organized spread and practice in China. Today, when people talk about the destiny of Marxism, they cannot but pay great attention to its development in China. Indeed, this development is not only beyond the expectations of the ordinary people in the past but also unpredicted by the founders of Marxism. When commemorating the 70th anniversary of the founding of the CPC, it is of great significance for us to review the history of the past decades.

When the CPC was first founded, capitalism had achieved a certain development in China. Therefore, there were both the bourgeoisie and the proletariat in China, which had also been developed to a certain extent. At the same time, there were powerful imperialist forces and feudal forces, which were in collusion. China was one of the countries in which there were extremely sharp class contradictions and nationality contradictions. This was an important condition that Marxism was widely accepted there. After the victory of the Russian October Revolution, some countries also experienced very sharp class struggles and nationality struggles and Marxism also widely spread there. They did not achieve the same successes China had, however. In its struggle for political power, the CPC also encountered great difficulties and danger. It finally succeeded because the party and the revolutionary people under its leadership were good at analyzing the situation of struggle and summing up their experiences according to the Marxist viewpoint and were able to raise their experiences to the level of theory. They kept to their firm position in the struggle and were well organized and united, and they were bold and persistent in struggle. Apart from this, I think it is necessary to point out some objective conditions: First, the imperialist powers, which were scrambling for spheres of influence in China, had fallen into a sharp conflicts among themselves for a long time in order to protect their respective interests. For this reason, they were unable to make a timely and appropriate appraisal on the latent capacity and development speed of the Chinese revolution and adopt unified policies and consistent measures to achieve their goal. Second, the struggles within the Chinese ruling class had taken the form of tangled warfare among

warlords for a long time. Moreover, as China has a vast territory, on which political and economic developments in various areas were very uneven, the revolutionary forces were able to achieve partial victories and gradually expand themselves. Third, as there were not sufficient conditions for a national bourgeoisie to develop, the development of bourgeois ideologies was also restricted. It was unavoidable that the bourgeois revolution had failed. Therefore, the oppressed Chinese people, who had long been tortured by poverty, could more easily accept the choice of socialism.

The past seven decades since the founding of the CPC were the decades in which the people of all nationalities throughout the country were advancing on a tortuous road in their revolution and construction and achieving great victories under the leadership of the party.

It was only six years since the CPC began to step up on China's political stage when the Kuomintang [KMT] launched a large-scale anticommunist campaign. In 1927, the bloody terror of the counterrevolutionary forces seemed to have killed all the communists. Through several years of hard struggle, however, the indomitable communists appeared on the stage again as an important force. Chiang Kai-shek never slackened his efforts to fight against this force, but his "suppression" campaigns failed again and again. Unfortunately, the "Leftist" mistakes within the party helped Chiang Kai-shek. In the initial stage of the Long March, which started in 1934, the party was thrown into a hopeless situation. The Zunyi Meeting saved the party and the Red Army. The tens of thousands of Red Army men who arrived in northern Shaanxi became the new hope of the Chinese revolution. With the efforts of the party, the Xian Incident was settled peacefully, and a new cooperation between the CPC and the KMT was realized, laying a political foundation for the Chinese nation's War of Resistance Against Japan.

Although the Japanese aggressors and Chiang Kai-shek had seized all possible opportunities to strangle the Communist Party, they had no strength to change the orientation of historical development. After the war between the Soviet Union and Germany and the Pacific war broke out, under the new situation of the worldwide antifascist war, Britain, the United States, and the Soviet Union also opposed Chiang Kai-shek's policy of passively resisting Japan while actively fighting against the communists. On the other hand, the Japanese aggressors were also unable to join hands and cooperate with Chiang Kai-shek. At that time, some farsighted people in the United States tried to change their government's policy of one-sidedly supporting Chiang. But they failed. After the end of the War of Resistance Against Japan, the U.S. Government tried hard to assist Chiang Kai-shek to launch a new civil war. The CPC, however, which had already become a giant in the political and military fields, led the people throughout the country to defeat Chiang Kai-shek's troops, which were armed and assisted by the U.S. Government. They drove out

Chiang's troops from the mainland and established a unified and people's democratic New China.

The 40-odd years of the People's Republic of China were by no means easy. The Western powers were trying to strangle China by long-term blockade and armed threat. This policy was only totally abandoned in the 1970's. Even after establishing diplomatic relations with China, their relations with China are still very complicated. There are always some people in the West who are trying to interfere in China's internal affairs in various forms and trying to realize capitalism in China through peaceful evolution. A powerful socialist China is standing erect in the East, which can never be overthrown by any forces.

Although the CPC has committed serious mistakes when leading its people to build their own country, generally speaking, great victories have been achieved. The socialist system was established in China in the 1950's. In the 1980's, the policy of reform and opening up was implemented. We owe all the achievements China has made to these two milestones. China is now greatly different from its past. It has unprecedented national unity and nationality solidarity and a powerful economic basis and national defense. In international affairs, it has become a force that cannot be neglected. Thanks to the policy of reform and opening up, China's economic development has been accelerated and the people's livelihood has been greatly improved. Although there is still a big gap between China and the developed Western countries and China's per capita GNP is still rather low in the world, the comprehensive national strength of China is already among the first 10 in the world. Undoubtedly, after achieving its second-step strategic objective for economic development, there will be greater changes in China's situation. The Chinese people are making greater advances on their road of building socialism with distinctive Chinese characteristics and are full of confidence in their future.

The history of the past seven decades since the founding of the CPC proves that Marxism has great vitality. The victories of the Chinese revolution and the socialist cause are all victories of Marxism and the basic principles of Leninism—the development of Marxism in the 20th century. Obviously, without Marxist historical materialism and the theory of class struggle, without the Marxist theory on the proletariat seizing political power and realizing socialism through class struggle, without the Marxist theory on the organization of a new political party by the advanced elements of the proletariat to lead the working people to realize the historical missions of their class, without the theory on the building of the proletarian party (Lenin's contributions to this theory were especially great), and without the success, enormous encouragement, and direct support of the Russian October Revolution, there would not be the founding of the CPC and the Chinese revolution and the long-term struggle of the workers, peasants, and intellectuals under the leadership of the party. Without the Marxist theory which points out that in their struggle, the proletariat

must form a united front with other revolutionary classes and all other political forces that can be united and must maintain independence in the united front, there would not be the two CPC-KMT cooperations, which were full of risks, and the long-term cooperation between the Communist Party and other patriotic and democratic forces. Without the Marxist theory which urges the proletariat to develop their violence against the violence of the ruling class, to establish their own dictatorship (the proletarian dictatorship was also called the worker-peasant democratic dictatorship and the people's democratic dictatorship by the Chinese in light of China's concrete national conditions), and to destroy the dictatorship of the ruling class, there would not be the founding of the CPC's army and political power and the establishment of the People's Republic. Without the Marxist theory which points out that the purpose of revolution is to develop the productive forces and that under socialism it is necessary to establish the public ownership of the means of production, implement the policy of distribution according to work, and develop the economy in a planned way, it would be impossible for the people's republic to realize socialist transformation and implement the policy of reform and opening up and to achieve great economic development under state planning, and it would be impossible for the Chinese people to improve their livelihood.

The history of the CPC in the past 70 years was a history of successfully applying Marxism and a history of successfully developing Marxism. The founders of Marxism declared in explicit terms that their theories were not dogma but a guide for action. Marxism holds that the world is developing. Therefore, Marxism itself will also develop along with the development of the world. As things are different in a thousand and one ways, and the concrete situations of various countries vary from one country to another, there are certainly different characteristics in successfully applying Marxism in various countries and in developing the principles of Marxism.

China is a big country, a big country in the East. The success of the Chinese revolution was a result of the long-term hard struggle of the Chinese people under the leadership of the CPC independently and through self-reliance. Naturally, the course of successfully applying Marxism by the CPC was a course in which the CPC enabled Marxism to achieve significant development. In fact, the long history of the CPC was full of struggles and explorations on the question of how to combine the universal principles of Marxism with the concrete practice of the Chinese revolution. In order to successfully combine the two, it is certainly necessary to develop Marxism in many important fields and in a creative way. Mao Zedong Thought was the greatest achievement of the combination of the two. Mao Zedong was the first who put forth and always adhered to the idea that "the victory of the revolutionary struggle in China relies on the Chinese comrades who know the situation of China." He always required his Chinese comrades to conscientiously study the history and present condition of China

and to explore the law of the Chinese revolution through their objective practice so they could "shoot the arrow of Marxism at the target of the Chinese revolution." This was the greatest contribution to the efforts to combine the universal principles of Marxism with the concrete practice of the Chinese revolution, which educated the whole party for a long time. The whole party accepted this idea of Mao Zedong. It became the ideological basis for the CPC to always uphold and develop Marxism.

Now, let us make a brief study of some major fields in which the CPC has developed Marxism.

1. It put forth the idea of the peasants' agrarian revolutionary war under the leadership of the proletariat and the road of encircling the cities from the rural areas for the development of revolution. In the long course of leading the Chinese revolution, the party gradually understood that the peasants, who made up more than 80 percent of the Chinese population, were the main forces in the bourgeois democratic revolution (that is, the new democratic revolution) led by the proletariat in the semicolonial and semifeudal country. To achieve victory of the revolution, it was first necessary to lead the peasants to launch the agrarian revolution in rural areas, establish the people's armed forces, develop guerrilla warfare, and unite with other revolutionary forces so the revolutionary bases and a revolutionary regime could be established. On this basis, the people's forces would gradually expand and finally achieve victory in the whole nation through the strategy of encircling the cities from the rural areas. This kind of agrarian revolutionary war led by the proletariat was unimaginable in Marx' and Engels' time. Marx and Engels also paid attention to the question of winning over the peasants and making them allies of the proletariat. But, at that time, the peasants in West Europe (their situation was quite different from the situation of the Chinese peasants) did not have a strong demand for revolution. Moreover, the revolutionary proletarian forces had not yet developed to the East in those years. Lenin urged the proletariat in Eastern countries to attach importance to the leadership over the peasants' revolutionary struggle. But his party did not have sufficient experience to lead the peasants' struggle. During the October Revolution, the slogan of returning land to the peasants was put forth and realized by the proletariat, which had seized political power, rather than by the peasants themselves through their revolutionary struggle. Thus, the task of leading the peasants' revolutionary struggle fell historically to the communists in China, the big country in the East. After the failure of the 1927 revolution, under the serious White terror, the Chinese proletariat in the cities were unable to carry out legal struggles through the democratic system to strive for their right of subsistence and realize their political demands, nor were they able to seize political power by organizing armed uprisings in the cities. Under such a situation the party could not but shift its main forces to the rural areas, where the counterrevolutionary forces were relatively weak. The vast numbers of Chinese peasants, especially the poor peasants, were extremely

poor. They had a pressing demand for the revolution. Therefore, the peasants' revolutionary struggle under the leadership of the proletariat was not only the only way out for the Chinese peasants but also the only way out for the Chinese revolution. Mao Zedong was the first to point this out. As the Autumn Harvest Uprising under his leadership was unable to achieve the predetermined target of seizing the cities, he decided with firm resolution to lead the defeated forces to Jinggangshan on the Hunan-Jiangxi borders and establish a rural revolutionary base there. In theory, he expounded the reasons why the small red regime was able to exist under the nationwide counterrevolutionary situation. Later, under his leadership, a large revolutionary base (the Central Soviet Area) was established in the southern-Jiangxi and Western-Fujian area. He further pointed out in theory that the development of such revolutionary bases could bring about a high tide of nationwide revolution. After the Red Army arrived in northern Shaanxi after the Long March, and through eight years of the War of Resistance Against Japan and the three years of the War of Liberation, the numerous rural revolutionary bases were finally developed successfully into our great People's Republic. On what forces on earth did our party rely to make such earth-shaking changes? Naturally, we should never neglect the roles played by the people of various social strata in the cities (with the workers and young students as the vanguard) in opening up a "second battlefield" for the revolutionary war. But the main forces of the revolution were undoubtedly the peasants, who had accepted the leadership of the proletariat (through the Communist Party), that is, the poor peasants and their allies—the middle peasants. The CPC has successfully solved the problem of the basic motive power for the revolution in the big Eastern country, where the peasants make up the great majority of the population, and successfully solved the problem of firmly relying on the peasants and offering them a revolutionary political education and strict organization training. It has educated and transformed vast numbers of peasants, who were from small producers' families, into communist fighters and outstanding commanders and fighters of the people's army and resolute party cadres. This is something unprecedented in the history of the communist movement. The Chinese peasants, who had pressing demands for land and other rights for subsistence, who were poor and lacked cultural knowledge, were yet able to arouse such great revolutionary power under the leadership and education of the CPC, able to organize ranks with such high consciousness and strict discipline, able to withstand the long-term and large-scale persecution and attacks from all sides by their extremely fierce class enemies and national enemies, and able to create such incredible miracles one after another: This is not only a great new discovery in the history of Marxism but also a great new discovery in Chinese history and the history of mankind.

2. It put forth a series of creative ideas on the people's army and the people's war. The development of the peasants' agrarian revolution and the establishment of

the rural revolutionary bases were inseparable from the people's armed forces independently led by the party. Mao Zedong put forth the slogan of political power growing out of the barrel of a gun at the "7 August Meeting" in 1927. But he was not the first person who discovered this truth, because many rulers or ruling position pursuers in the past also understood it, many leaders and organizers of the peasants uprisings in the past also understood it, the European parties which had waged workers' armed struggles also understood it, and the CPC itself had also led three armed uprisings waged by the workers in Shanghai. He was only the first person who told this truth to the CPC's leading organ at that time, which refused to seize military power from the KMT. The role played by Chiang Kai-shek as a negative teacher educated more and more communists to take up arms to fight with the counterrevolutionaries. In China, the Workers' and Peasants' Red Army was established. The name Red Army was learned from Russia. But the Chinese Red Army was developed from below in the peasants' revolutionary struggle. This was quite different from the Russian Red Army, which was established from above after the victory of the revolution. For this reason, the Chinese people's army has a series of characteristics, which are rare in this world. Mao Zedong decided that in nature, the Red Army is "an armed body for carrying out the political tasks of the revolution." He said: "The Red Army should not confine itself to fighting. Besides fighting to destroy the enemy's military strength, it should shoulder such important tasks as doing propaganda among the masses, organizing the masses, arming them, helping them to establish revolutionary political power, and setting up party organizations. Otherwise, 'fighting loses its meaning and the Red Army loses the reason for its existence.'" Since the Red Army was such an organization, it should accept the party's absolute leadership, carry out revolutionary political and ideological work, and implement the principles of unity between officers and men, unity between the army and the people, and winning over the enemy troops. It should practice "democracy in the political, economic, and military fields" and should observe the strictest mass discipline, not taking a single needle or piece of thread from the masses, always serving the masses and organizing to carry out all kinds of revolutionary struggles under the leadership of the party. When establishing armed forces and leading armed struggles, our party implemented and adhered to a series of important systems, such as the system of division of work among officers with individual responsibility, the system of establishing party branches at the company level, and the system of political commissar and political organs to ensure the party's absolute leadership over the army and place the Red Army under party leadership completely and unconditionally to make it a loyal instrument of the party in realizing its programs and line. Thus, the relations between the proletarian political party and the proletarian army were stipulated and handled in a scientific way. The Red Army also became a people's armed force worthy of its name. Later, the Red Army was changed to the Eighth Route Army, the New Fourth

Army, and finally the People's Liberation Army. Great changes have taken place in the Army's environment, especially after the founding of the state. No changes have ever taken place, or are allowed to take place, however, in all these fundamental principles for army building. Since the founding of the state, the People's Liberation Army [PLA] has always been the pillar of the People's Republic and the loyal defender of the people's interests. Many PLA units are stationed in remote and border areas for a long time, where natural conditions are extremely poor. They are assisting the construction of the areas where they are stationed (mostly the areas inhabited by the minority nationality people or sea islands), developing and maintaining transportation and communications in the vast high and cold areas, and are quietly overcoming all kinds of danger, pains, and difficulties, which are unimaginable and intolerable to most people. They have to defeat the provocations and invasions of aggressors, even to unhesitatingly and bravely give their lives for the motherland and the people when necessary. The PLA always shoulder heavy tasks of training, construction, and production. They often appear in the places where there are disastrous natural calamities and where help is urgently needed. They often carry out the activity of supporting the army and giving preferential treatment to families of revolutionary servicemen and martyrs, the activity of supporting the government and cherishing the people, and the activity of building spiritual civilization with the people of all nationalities under the unified organization and leadership of the local party committees and governments. It is by no means an accidental phenomenon that large numbers of heroes and model soldiers like Lei Feng and Su Ning, who are devoted to their duties and are working selflessly to serve the masses and their comrades-in-arms, have emerged in the PLA. As our army has established such flesh-and-blood relations with the masses, in military affairs, it has adopted a whole set of strategies and tactics of the people's war. These strategies and tactics enabled our army to defeat its enemy, which was much stronger than itself, in the 10 years of civil war and the eight years of the anti-Japanese war and to quickly wipe out the 8 million troops of the KMT reactionaries in the three years of the liberation war, thus fulfilling the task of liberating the mainland of China ahead of schedule. The content of these strategies and tactics of the people's war differs from time to time to suit the different forms of war. In his *Problems of Strategy in China's Revolutionary War*, Mao Zedong summed up the strategy for the 10 years of the civil war. The strategy for the War of Resistance Against Japan was stipulated in his *Problems of Strategy in Guerrilla War Against Japan* and *On Protracted War*. On the strategy in the War of Liberation, he put forward the well-known "10 major military principles." Of course, in future wars, which may be imposed on our country, due to the different battle conditions and military technologies, there will certainly be more and new changes in the strategies and tactics of the people's war. At present, our army is stepping up its building to make itself more revolutionary, modern, and regular. This is aimed at the

changeable situation in the future world. Just as the unchangeable nature of our army, which is a people's army, however, the nature of the people's war of our army will also remain unchanged. The people's army, which is a new concept relating to the armed forces, the new roles it plays in the state life and social life, and the new characteristics of the strategies and tactics in the people's war are not only of great significance in the revolutionary history, military history, and military science, but also have added a new chapter to the history of the development of state and the Marxist theory on state.

3. It created a unique experience on the question of establishing a revolutionary united front with other political forces and put forth a series of new theories and tactical principles. In revolution, it is necessary to establish an extensive united front. In a particular stage of the revolution, it is even necessary to establish a united front with the bourgeois political party. These are not ideas created by the CPC. In the "Manifesto of the Communist Party," it was already written: In Germany, provided the bourgeoisie takes the revolutionary action, the Communist Party should unite with it to fight against autocratic monarchy and the feudal land ownership. But when we look back to history, we can find that very few successful experiences had been accumulated in the international communist movement in the field of establishing the united front. On the question of how the CPC was to establish or maintain a united front with the KMT, many (not all) guidance provided by the Communist International were inapplicable or even incorrect. Such guidance resulted in the failure of the first KMT-CPC cooperation (of course, the leadership of the doctrine of Chen Duxiu within the CPC should be held chiefly responsible for the failure). Confusion also arose for a period of time during the second KMT-CPC cooperation (in the War of Resistance Against Japan), but their further development was curbed because of the resistance of the CPC headed by Mao Zedong. The eight years of the War of Resistance Against Japan were the years characterized by the cooperation and sharp conflicts between the KMT and the CPC. The KMT-CPC cooperation at that time was different from the cooperation between the communist parties and socialist parties of West European countries (of course, the KMT was also different from the socialist parties). First, there was not a written agreement for the KMT-CPC cooperation and no regulations to follow. Second, it was a cooperation between two political parties, each having its own armed forces and political powers. One was in a position of the Central Government and was adopting a policy of restricting, dissolving, and opposing the Communist Party, while the other was in a position of a local government, which was regarded illegal, and was unable to restrict its activities within the range of a local government. The strength of the latter was far weaker than the former, but in the political field, it was much stronger. It had to seek subsistence through struggle and was capable of seeking development through struggle. The first reason why the CPC was able to seek development under the situation of cooperation and struggle was

that both the KMT and the CPC were faced with a common enemy—the Japanese aggressors—and their unity was aimed at fighting against the common enemy. In the Japanese-occupied areas (behind the enemy lines), there were vast areas for the Communist Party to develop. The second reason was that in the KMT-ruled areas, there were some intermediate forces, which were the allies the Communist Party should and could win over. The CPC under the leadership of Mao Zedong correctly understood and tactfully used this extremely complicated situation and put forth a series of policies and principles, such as "develop the progressive forces, win over the intermediate forces, and isolate the die-hard forces," "seek unity through struggle," and carry out struggle "with good reason, with advantage, and with restraint," thus enabling the people's army under its leadership and other people's forces to tide over one difficulty after another and finally making itself essentially superior to the KMT from the previous inferior situation. It is true that the fundamental reason for such changes was that our party was firm on its position of keeping up the struggle against Japan and persisting in progress and the position of protecting the interests of the people. But had it not adhered to the principle of seeking unity through struggle in the united front, it would be impossible to achieve such a result. In concrete application, the principle of the united front should be used in light of different targets and situations. There are no simple formulas to apply mechanically. To seek unity through struggle in the united front is not only something difficult to do but also something difficult to understand for people who do not have a profound understanding of Marxist dialectics. With this practice, the CPC had not only proved itself much wiser than the tacticians of the Communist International on the question of the united front, but also rendered important contributions to the Marxist theory on the united front and the theories of this world on political struggle. Of course, the CPC's theory on the united front was not merely referred to its relations with the KMT. It also included its relations with all other allies. Mao Zedong repeatedly stressed that the Communist Party members always form the minority in society and the nonparty persons always form the majority. For this reason, the party members must always cooperate with nonparty persons. All achievements made by the Communist Party were inseparable from the common efforts of the nonparty persons. There are many valuable experiences to sum up on the question of cooperation between the Communist Party and the democratic parties and democratic persons. Because of limited space, I cannot further discuss them here. After the founding of the PRC, the united front became an important aspect of the political life of our state. Over the past more than 10 years since the Third Plenary Session of the 11th CPC Central Committee, the unity between the CPC and various democratic parties has been systemized, and the multiparty cooperation under the leadership of the CPC has become a basic political system of our country. The leading position of

the CPC in this multiparty cooperation system should never be shaken. This has already been proven by practice.

4. It created the mass line working method for the party.

The number of the CPC members has developed from more than 50 at the beginning to the current 50.32 million, and the CPC has become the leading party in China and the biggest Communist Party in the world. It certainly has made abundant achievements in the theory and practice of party building. What were just mentioned in this article, such as leading the peasants' agrarian revolutionary struggle, establishing the people's army and leading the people's war, leading the revolutionary united front, are all important contents of party building. But undoubtedly, the party's mass line working method is also an outstanding contribution of the CPC in the field of party building. This was an expression of the CPC's theory that in the long-term revolutionary struggle, it is necessary to firmly rely on the mass's support and pool the wisdom of the masses. Mao Zedong's viewpoints, such as the Communist Party must serve the people wholeheartedly and the masses of people must emancipate themselves through their own efforts, might have developed from the ideas of Marx and Engels that "the movement of the proletariat is a movement of the great majority of people and an independent movement for the interests of the great majority of people" and that "the emancipation of the working class should be regarded as a matter of the working class itself." But the viewpoint on "coming from the masses and going to the masses" was originated by Mao Zedong. He had many brilliant expositions on the party's mass line working method. At the Eighth CPC National Congress, Comrade Deng Xiaoping explained the party's mass line advocated by Mao Zedong in this way: "To put it briefly, it includes two meanings: First, it holds that the masses of people must emancipate themselves by their own efforts. The general task of the party is to serve the masses of people wholeheartedly. The party's role of leadership over the masses of people means to correctly point out the orientation of struggle for the masses of people and help them strive for and create a happy life through their own efforts. Therefore, the party must maintain close ties with the masses and rely on them. It should not be divorced from the masses and placed above them. Every party member must cultivate the work style of serving the people, being responsible to the masses, consulting the masses when matters arise, and sharing the comforts and hardships of the masses. Second, it holds that whether the party can maintain the correct leadership depends on whether it adopts the method of "coming from the masses and going to the masses." According to the party Central Committee's "Resolution on the Methods of Leadership" drafted by Comrade Mao Zedong: "Take the ideas of the masses (scattered and unsystematic ideas) and concentrate them (through study turn them into concentrated and systematic ideas), then go to the masses and propagate and explain these ideas until the masses embrace them as their own, hold fast to them and translate them into

action, and test the correctness of these ideas in such action. Then once again concentrate ideas from the masses and once again go to the masses so the ideas are persevered in and carried through. And so on, over and over again in an endless spiral, with the ideas becoming more correct, more vital, and richer each time." In this way, the party's mass line working method was raised from the viewpoint that the party is a part of the working class and, except for the interests of its class and the people, the party does not have any special interests on the theoretical level historical materialism holding that only when the revolutionary classes and revolutionary masses are the representatives of advanced productive forces and advanced production relations can they be the real creators of history and the theoretical level of dialectical materialism holding that the objective social practice is the only criterion to judge whether or not man's recognition is correct.

The party's mass line working method is always the party's guiding policy in handling relations with the working people and the revolutionary masses and the ideological basis and organizational basis for the party to maintain close ties with the broad masses. After the party became the party in power, especially after adopting the policy of reform and opening up, the phenomenon of relaxation appeared to a certain extent in the party's close ties with the masses. The complaints of some masses about certain corrupt phenomena within the party were made use of by a small number of antiparty and antisocialist elements, which became one of the causes for the political turmoil and the counterrevolutionary riot in Beijing in the late-spring and early-summer days of 1989. The party Central Committee with Comrade Jiang Zemin as the core attached great importance to this fact. In order to resolutely change the situation, the "Decision of the CPC Central Committee on Strengthening Party's Ties With the Masses of People," adopted by the Sixth Plenary Session of the 13th CPC Central Committee in March 1990, pointed out: We must strive to achieve big progress in maintaining party's close ties with the masses in the next two years and take effective measures to solve the problems with which the masses are most concerned and which can be solved under current conditions. Beginning this year, when summing up our work at every year end, it is necessary to make an examination of the existing problems in party-masses and cadre-masses relations and study the methods to solve them. It is necessary to examine and appraise the cadres through criticism and self-criticism so our leadership style and work style can be constantly improved." [end quotation marks as published]

5. It put forward the principle of correctly handling the contradictions within the party and correctly distinguishing and handling the two different types of contradictions, namely the contradictions among the people and the contradictions between the people and their enemies. To correctly handle the contradictions within the party is another important subject for party building. In the history of international communist movement, there have been many discussions on the contradictions within

the party, but very few people have ever put forth the principled question of correctly handling such contradictions. The CPC is the vanguard of the working class. It demands the unification of thinking of the whole party with Marxism-Leninism-Mao Zedong Thought and to unify the action of the whole party with the decisions of the party's highest leading organ. But in practical life, disunity often unavoidably occurs in the thinking and action within the party, especially within a party as large as the CPC. In order to preserve party discipline, unity, and fighting power, correctly handling the contradictions within the party became an important matter in party life. In the history of the CPC, there were several important inner-party struggles. Quite a few of them were erroneous and their methods and results were bad. In 1942, Mao Zedong summed up the experiences and lessons of the past. In order to educate and unite with most of the erring comrades who had followed the third "Leftist" line, he put forward the policy of "learning from past mistakes to avoid future ones, and curing the sickness to save the patient," which is also called the policy of "unity-criticism-unity." Ideological education was carried out strictly but when taking organizational measures, the erring comrades were treated leniently. In this way, the purpose of getting the whole party united was reached. In April 1945, a "Resolution on Certain Questions in the History of Our Party" was adopted by the Seventh Plenary Session of the Sixth CPC Central Committee, which unified the understanding of the whole party to the greatest extent and created ample conditions for the successful convention of the party's Seventh National Congress. Then, the complete success of the Seventh CPC National Congress laid an ideological, political, and organizational foundation for the great victory of the people's War of Liberation. After that, the party expanded the range of using this policy and achieved great successes in handling the relations between leaders and masses, between the army and the people, between officers and men, and between different sections of the army and different sections of the cadres. After the whole country was liberated, Mao Zedong applied this policy to the relations with the democratic parties and the industrial and commercial circles. Based on this policy, he made a report "On the Correct Handling of Contradictions Among the People" in February 1957, giving a systematic explanation on the principles and methods for correctly distinguishing and handling the two different types of contradictions (namely the contradictions among the people and the contradictions between the people and their enemies). This policy was not well implemented in the period from the expansion of the Anti-Rightist struggle in the summer of 1957 to the end of the "Great Cultural Revolution." Nevertheless, it has become a historical tradition of the whole party and left a profound and indelible influence on it. It was based on this policy that the party, under the leadership of Comrade Deng Xiaoping, successfully handled the extremely heavy and complicated problems left over from the decade of the "Great Cultural Revolution" and adopted the "Resolution on Certain Questions in the History of Our Party

Since the Founding of the People's Republic of China" in June 1981 at the Sixth Plenary Session of the 11th CPC Central Committee, which once again unified the understanding of the whole party to the greatest extent and ensured in the ideological, political, and organizational fields the smooth development of economic construction in the following decade and the smooth development of reform and opening up. The political disturbances in the late-spring and early-summer days of 1989 were also handled in accordance with the policy of correctly handling the contradictions within the party and correctly distinguishing and handling the contradictions among the people and the contradictions between the people and their enemies. As a result, stability of the domestic situation was resumed rapidly. Practice proves that this is an important contribution made by the CPC to the Marxist theory on party building and other political theories.

The principle on correctly distinguishing and handling two different types of contradictions is of great significance in another field. In his speech "On the Correct Handling of Contradictions Among the People," Mao Zedong pointed out that after the basic completion of the socialist revolution on the economic front, "the class struggle between the proletariat and the bourgeoisie, the class struggle between the different political forces, and the class struggle in the ideological field between the proletariat and the bourgeoisie will continue to be long and tortuous and at times will even become very acute. The proletariat seeks to transform the world according to its own world outlook, and so does the bourgeoisie. In this respect, the question of which will win out, socialism or capitalism, is still not really settled." Later, to counter the policy of "peaceful evolution" pursued by the U.S. imperialists against the socialist countries, Mao Zedong pointed out the international background for the long-term existence of the domestic class struggle. He required the whole party and the people of the whole nation to pay serious attention to the danger of the imperialist "peaceful evolution" scheme, which was a new form of contradictions between the people and the enemy under socialist conditions. This wise prediction of Mao Zedong has been proved by the domestic and international political life over the past many years, especially by the situation of recent years. This is another important contribution made by the CPC to the Marxist theories.

6. Founded a complete new-democratic theory. In 1920, Lenin put forward the idea that "backward nations may evolve into a soviet system without going through the developmental stage of capitalism and then evolve into communism through another developmental stage." Because of the lack of practical experience, however, this idea could not possibly develop into a evolved viewpoint. On this issue, the revolution in China brought about new experiences, whereupon Mao Zedong made new contributions to Marxism. The book *On New Democracy* written by Mao Zedong in January 1940 supplied systematic answers to the following questions: What kind of state should be established in a nation which is influenced by the October Revolution and

where the political forces of the proletariat and its allies are relatively strong while the bourgeois democratic revolutionary enthusiasm against imperialism and feudalism is relatively weak; what the political system, economic system, and cultural system in this nation should be like; what this nation's future is; and so on. The Chinese Communists were able to found a complete new-democratic theory because: they had by that time possessed large areas of anti-Japanese democratic bases and a large anti-Japanese armed force of the people; proved the correctness and effectiveness of their military and political propositions in the course of the anti-Japanese war; obtained rich political experiences in many respects; and enjoyed high political prestige among the people and therefore had a decisively influential say regarding the future of China. To be sure, Stalin's thesis that any national problems and any anti-imperialist struggle are part of the world proletarian revolution in the era of world proletarian revolution (this thesis was a result of an overestimation of the world revolutionary situation), which was quoted in *On New Democracy*, failed to find proof in the world history that followed. Later, Mao Zedong also revised this point openly (refer to Note 17, p 710, Vol. 2, *Selected Works of Mao Zedong* second edition). The conditions under which China evolved from a new-democratic society into a socialist society were quite unique and many African countries following in China's footsteps without such conditions all failed. On the other hand, a small number of countries with similar conditions took a road more or less the same as that followed by China. This indicates that Mao Zedong's *On New Democracy* revealed the law of the revolutionary process under a certain set of historical conditions. It is an important development of the Marxist theory of national democratic revolution.

7. Created new experience in the history of mankind for a peaceful socialist transformation. This was an inevitable step forward in the new-democratic theory and policy. In 1953, Mao Zedong pointed out: "The time between the founding of the People's Republic of China and the basic completion of socialist transformation is a period of transition. The party's general line or task for the transition period is basically to accomplish the country's industrialization and the socialist transformation of agriculture, handicrafts, and capitalist industry and commerce over a fairly long period of time." It was later proved through practice that the industrialization of the country requires a much longer time and that in the course of carrying out national industrialization, carrying out socialist transformation is necessary and inevitable. But the latter task was accomplished ahead of schedule. Here, we are not discussing what lapses, such as oversimplification, which could have been avoided, there were in the course of accomplishing this task. Instead, we will only look at the peaceful transformation of capitalist economy as a pioneering achievement in history. Marx, Engels, and Lenin all proposed that the proletariat which had seized the political power of a nation could use the method of purchase toward the bourgeoisie. Marx and Engels did not have the chance to

realize their proposal. Lenin twice suggested purchase in 1918 and 1921, but his effort came to no avail because of the lack of cooperation from the Russian capitalists. The CPC, on the other hand, was under very different historical conditions: China's national bourgeoisie had been part of the anti-Japanese national united front; most of them took a neutral position in the War of Liberation and some of the influential figures among them showed progressiveness and supported new democracy; therefore, China's national bourgeoisie (industrialists and businessmen), as a group, joined the Chinese People's Political Consultative Conference and had their representatives in government bodies; most of the national industrialists and businessmen who were in operational difficulty in the first years after the founding of New China relied on the government support and their dependence on the people's government and state economy later deepened and expanded (despite frequent clashes and even serious ones in the meantime); they expressed support for the government's policy of state capitalism and its distribution policy, i.e., they would draw only a quarter or so of the enterprise profit as their dividends and give up the rest as income tax for the state, public accumulation funds, and benefits and bonuses for workers; finally, they endorsed trade-wide state-private joint ownership and, after the trade-wide state-private joint ownership, agreed to receive a five-percent dividend from their authorized private shares each year within a certain period. Through these steps, China managed to realize the great plan of solving the problem of bourgeoisie by way of purchase, put forward by the progressive thinkers in the history of socialist ideology, in a completely peaceful and orderly way. When people come across a similar situation in future, they may be able to do even better than the Chinese Communists, but this experience that China went through undoubtedly demonstrates the great wisdom and creativity of the Chinese Communists.

The CPC also accumulated enormous amount of precious experiences in agricultural socialist transformation. These precious experiences will never lose their significance just because the system of people's commune, which had later become extremely rigid and dampened the peasants' enthusiasm in production, was transformed into the contract responsibility system on a household basis with remuneration linked to output in accordance with the demand of the broad peasant masses. This contract responsibility system is a new form of our country's socialist agriculture (the two-tiered operational structure characterized by public ownership of land and integration of unification and division). It is suitable to the present stage of the development of China's agricultural productive forces. Furthermore, the township and town enterprises under collective ownership which are advancing in many places are a more revealing indicator of the new tendency in the development of socialist agriculture in China.

8. Successfully initiated the socialist cause of reform and opening up. The reform and opening up is a true continuation of the socialist transformation in the 1950's.

Comrade Deng Xiaoping time and again pointed out the need to "build a socialism with Chinese characteristics" in the 1980's. We have witnessed that, in the development of the Chinese revolution, our ability to integrate the general principles of Marxism with the concrete practice of Chinese revolution was key to the successful development of the revolution; the same was true in the course of China's socialist construction. By the 1980's, China's socialist construction had been going on for about 30 years. During this part of the history, there were outstanding successes (largely in the period of the First Five-Year Plan) as well as serious setbacks in the course of exploration later. In our effort to "realize the four modernizations" proposed by the party many years ago and to blaze a new trail in the new era, the key problem we were faced with was how to extricate ourselves from the restrictive influence of some traditions (which is difficult to avoid in the initial stage of construction) and carry out the reform and opening up according to the specific conditions in China at that time. In his letter to Otto Bernick [bo ni ke 0130 1441 0344] in August 1890, Engels said: "What is called 'socialism' is not something immutable but should be regarded, like any other social system, as society in constant change and reform." Though what he said is true, it is actually very difficult to reform the traditional system of a socialist society, even if it only has a history of a few decades. The founders of Marxism said many times that they were not in a position to predict what would become of the socialist society, which could only be decided by people in the future through their practice in line with the conditions in the future. Nevertheless, some arguments and tentative ideas put forward by Marx, Engels, and Lenin were still treated as dogmas over a long period of time. The misunderstandings include: the belief that socialism is a relatively short initial stage of communism (which prompted China and the Soviet Union to make active preparations for the transition into communism); the belief that all means of production in a socialist society must be publicly owned and that productive activities in a socialist society must be directly regulated and controlled through planning and the economy in such a society no longer has the nature of commodity economy; and the belief that the establishment and organization of enterprises, their production and management plans, important income and expenditure, and the flow and prices of their products should all be subjected to direct state management. Besides, in the course of their development in the initial stage, socialist countries, one after another, installed a series of systems which seemed to conform to the socialist ideal very well and were therefore hard to change, for example, the state being responsible for its citizens' employment, old-age provisions, public health services, and extremely low subsistence. The aggregate result of practicing the above principles and methods over a long period was an overcentralization of economic powers in the central authorities, lack of vitality in the economic system, and excessive financial burden on the state, which seriously impeded the continued development of productive forces. Apart from ideological reasons, the fact that these principles and

methods are difficult to change is because: First, these methods not only were effective for a fairly long time but also brought about enormous achievements which had been impossible under the old system; second, under the perennial encirclement and blockade by the Western powers, socialist countries found it difficult to develop economic exchanges and have access to the abundant experiences in developing economy that the developed capitalist countries had accumulated, much of which was reference-worthy for socialist countries (Lenin made this point a long time before). Since the process of drawing on these experiences was missing, it was not easy for socialist countries to find effective ways to reform their existing systems. When the Chinese Communists, represented by Comrade Deng Xiaoping, decided to conduct reform in the late 1970's, they began by invigorating the economy. This was because the "Cultural Revolution" had ended by that time and the old system could not sustain any longer. Furthermore, China had started expanding relations with developed capitalist countries and was therefore equipped with the conditions for economic exchange and cooperation on an international scale; for sincerely absorbing their advanced science and technology, advanced operational and managerial methods, and other beneficial experiences; and for assimilating their capital and talent. China's reform started in the rural areas (without any external factors, which shows the main motive force of China's reform comes from within). According to the wishes of the broad peasant masses, the production management system of people's commune was changed into a responsibility system with output-related household contract as the core. The enormous success of this reform propelled the process of the entire reform. In the urban economic restructuring which centered around enlivening enterprises, a series of reforms in planning, finance, taxation, banking, supply of goods and materials, commerce, foreign trade, prices, and labor and wages administration were carried out. In the meantime, the reform of ownership structure (from the unitary public ownership of means of production into coexistence of a variety of economic sectors with public ownership as the core), the reform of distribution relations (adopting a variety of distribution forms with distribution according to work as the core), and the redistribution of central and local economic powers also unfolded in succession. With the development of the economic restructuring, the reforms in politics, education, science and technology, and other domains of social life have also been conducted. China's reform will continue its in-depth development in the days to come. While the reform policy was being implemented, the policy of opening up was also carried out. China was isolated from the development of world economy and technology for 20 years, and the last 20 years was a period when the scientific and technological revolution in the world was advancing by leaps and bounds. China still held on to the principle of maintaining independence and initiative and regenerating through self-reliance, but it could no longer develop the economy with closed doors. China managed to expand the scope of economic, technological, and cultural

exchanges with other countries. In order to attract foreign investment, China encouraged the operation of joint ventures, enterprises of sole proprietorship, and Sino-foreign cooperative enterprises; and set up a series of economic special zones, open cities and development zones, and coastal zones open to economic operations. China's policy of reform and opening up implemented in the course of economic development in the 1980's soon achieved success that caught world attention. The average annual growth rate of the GNP between 1980 and 1990 reached nine percent (the growth rates in such regions as Zhujiang Delta and southern Jiangsu were much higher), people's livelihood was markedly improved, and the national economic strength greatly enhanced. That the CPC successfully developed the cause of reform and opening up in China has not only given a strong foundation to the status of socialist China, but also successfully supplied new vitality for the socialist cause, bringing it to a new developmental stage.

9. Put forward the principle of socialist commodity economy and the theory of initial stage of socialism. The guiding principle for China's economic restructuring is to develop the socialist commodity economy. This was proposed in the "Resolution on Economic Restructuring" at the Third Plenary Session of the 12th CPC Central Committee in 1984. The resolution said: "In reforming the system of planning, the first thing to do is to break through the traditional concept that sets a planned economy against a commodity economy and have a clear understanding that a socialist planned economy makes it imperative to refer to and use the law of value and is a planned commodity economy on the basis of public ownership." This is a breakthrough in the traditional concept of a socialist economy and a counterattack to the theory of market socialism advocated by Western bourgeois and social democratic party economists. The principle of a socialist commodity economy, i.e., the principle of integrating a planned economy with market regulation, though not yet a complete and mature theory, pointed out the direction for China's economic restructuring and proved feasible (not inconceivable, as Western bourgeois economists had claimed) in the practice over the years during which we accumulated certain experiences. These experiences indicate that with the deepening of economic restructuring, the scope in which the mandatory plans in the planned economy are applicable will gradually reduce while the scope in which the guidance plans are applicable will gradually expand. The state will exercise direct regulation and control over the national economic development targets, basic principles, macrocontrol, readjustment of major economic structures and patterns, major economic activities that concern the overall situation, the necessary allocation and distribution of a small number of important products that concern the national economy and people's livelihood, and the prices of a small number of important products and labor; the production and circulation of common industrial and agricultural products, the bulk of the productive and operational activities of enterprises,

projects of common technical transformation and small-scale construction, and the prices of the bulk of the commodities and labor are placed under guidance plans or market regulation. In sum, be it planned regulation or market regulation, it is imperative to practice exchange of equal value in the process of exchange as required by the law of value. The socialist planned commodity economy is the general tendency of China's economic development and its pattern will become increasingly more developed day by day over time.

At present, China's market mechanism is still immature, and therefore the pattern of integration of its planning and market mechanisms is also immature, which is normal in the course of development. To take this point further, in many respects, China's socialist relations have not reached maturity and this is inseparable from the fact that China is still in the initial stage of socialism. We have established a socialist system which has enabled us to gain rapid development impossible under the capitalist system. This is the foundation of all our bright prospects. This is point one. Point two, the socialist society is a lengthy stage of historical development and its degree of development is determined by various historical conditions. Any attempt to advance this process is futile and can only be harmful. As early as in June 1981, the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" carried by the Sixth Plenary Session of the 11th CPC Central Committee already pointed out that our country was still in the initial stage of socialism. The political report at the 13th CPC National Congress in 1987 put forward a relatively complete theory of the initial stage of socialism which pointed out: The initial stage of socialism is a special stage that China has to go through in building socialism in the context of backward productive forces and underdeveloped commodity economy; the period between the basic completion of socialist transformation in the 1950's and the basic realization of socialist modernization is at least 100 years. This summed up the basic experiences concerning the developmental stages of socialism since the founding of the People's Republic of China, thoroughly negated all illusions that communism is close at hand, and set immediate tasks for economic and social development at present in a realistic way. Obviously, the significance of this summing up to the theory of scientific socialism is not confined to China alone.

10. Protected China's socialist system from corrosion and subversion in the course of reform and opening up. To this end, a series of measures were adopted in ideology and action, including opposing corruption, opposing bourgeois liberalization, upholding the four cardinal principles, guarding against peaceful evolution, paying equal attention to the building of socialist spiritual civilization and that of socialist material civilization, and so on. At the very beginning of the reform and opening up, the CPC unequivocally carried forward late Chairman Mao Zedong's teachings about guarding against peaceful evolution and maintained that reform is a self-perfecting

process of socialism and that it is necessary to, along with the opening up, guard against the infiltration of the decadent, unwholesome, and antisocialist ideas of the Western bourgeoisie and to prevent the resurgence of various corrupt and detestable phenomena in the party and the country. Comrade Deng Xiaoping time and again emphasized the necessity of upholding the four cardinal principles under the new circumstances. With a clear-cut position, he announced in March 1979:

The Central Committee maintains that, to realize the four modernizations in China, we must uphold the four cardinal principles ideologically and politically. This is the prerequisite for realizing the four modernizations. The four principles are:

First, we must keep to the socialist road;
Second, we must uphold the dictatorship of the proletariat (people's democratic dictatorship);
Third, we must uphold the leadership of the Communist Party;
Fourth, we must uphold Marxism-Leninism-Mao Zedong Thought.

For a long time thereafter, Comrade Deng Xiaoping emphatically repeated the need to uphold the four cardinal principles and to combat its antithesis, i.e., bourgeois liberalization. In April 1983, when touching upon the principle that we must build socialist spiritual civilization while building socialist material civilization, Comrade Deng Xiaoping said: "In a socialist country, a true Marxist party, after stepping into power, must devote energies to developing productive forces and, on the basis of this, strive to improve the people's living standards. This is the building of material civilization. For a long time in the past, we neglected developing productive forces, so now we should pay particular attention to building material civilization. In the meantime, we should also build socialist spiritual civilization and the most fundamental objective is to equip the broad masses with communist ideas, morality, education, and discipline. Internationalism and patriotism are also in the category of spiritual civilization." In March 1985, he said: "There is one point of which I would like to remind you, that is, when building socialism with Chinese characteristics, we must consistently develop material civilization and spiritual civilization, carry on the campaign of five stresses, four points of beauty, and three loves, educate the people of the whole nation to have ideals, morality, education, and discipline, among which ideals and morality are especially important.... The four modernizations we are now carrying out are socialist modernizations, not any other kind of modernizations. The purpose of the policies we have adopted in opening up, reinvigoration, and reform is to develop the socialist economy. We allow the development of the economy in the private sector and the development of Sino-foreign joint ventures and enterprises of sole foreign proprietorship, but we will consistently rely on socialist public ownership as the main body. The objective of socialism is the common wealth of the nation, not polarization." This shows that the purpose of the CPC combating the

phenomenon of corruption, combating bourgeois liberalization, upholding the four cardinal principles, guarding against peaceful evolution, and consistently paying equal attention to the building of socialist spiritual civilization and that of socialist material civilization is uniform, that is, preventing the negative effect of the reform and opening up and protecting China's socialist cause from degeneration. We should admit that in the past dozen years, some leaders in the party Central Committee failed to implement this principle consistently and stressed material progress at the expense of cultural and ideological progress. It created an opportunity that was exploited to the advantage of some of the Western hostile forces attempting "peaceful evolution" and some domestic bourgeois liberalists, and eventually led to the outbreak of the political turmoil in the late spring and early summer in 1989 and the counterrevolutionary rebellion in Beijing. Comrade Deng Xiaoping's remark that "the biggest lapse in the past 10 years is in education" was directed toward this. Since the Fourth Plenary Session of the 13th CPC Central Committee, things have undergone a major change. The whole party and the revolutionary people of the whole nation have borne in mind this bitter lesson. In the even more stormy situation around the world later, socialist China appeared more stable. International and domestic class struggles are both protracted, however, and we must not lower our guard at any time. In order to build socialism with Chinese characteristics, we should never forget this. The path of socialist construction with Chinese characteristics means both adherence to the reform and opening up and consistent efforts to guard against "peaceful evolution." Only by so doing can the CPC present its theories and practices to the peoples of various nations who are still upholding a socialist ideal under harsh conditions.

11. Forwarded and consistently carried out the five principles of peaceful coexistence in international relations. Implementing the diplomatic policy of peaceful coexistence toward countries under different social systems was an idea put forward by Lenin after the October Revolution. The agreement of trade and communications between the Tibetan region of China and India, signed by the Chinese Government and the Indian Government in April 1954, put forward the five principles of peaceful coexistence for the first time. The five principles are: mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. In June that year, in the Sino-Indian and Sino-Burmese joint declarations, the prime ministers of the three countries reiterated and acknowledged these five principles as the guiding principles in international relations. Compared with Lenin's diplomatic policy of peaceful coexistence, the five principles of peaceful coexistence have a more concrete and richer content. For the more than 30 years that followed, the Chinese Government has consistently pursued the five principles of peaceful coexistence in its relations with other countries and the five principles have been

accepted by more and more countries. Later, the Chinese Government expanded the application range of the five principles of peaceful coexistence and used them in its diplomatic relations with some socialist countries, because the realities over a long period of time had shown that observing the five principles of peaceful coexistence in the mutual relations among socialist countries not only was very necessary but tended to be quite difficult. The five principles of peaceful coexistence are completely in keeping with the objectives and stipulations of the UN Charter. The international policy that goes against the five principles of peaceful coexistence is power politics, or hegemonism, characterized by bullying the weaker, oppressing the smaller, and interfering in other countries' internal affairs under various excuses. This type of international policy is common in the political and economic life of the current world and has become the main factor that jeopardizes world peace, stability, and development. Therefore, China, like many other peace-loving countries, maintains that it is a pressing necessity to establish a new international political and economic order on the basis of the five principles of peaceful coexistence.

To go with the five principles of peaceful coexistence, the CPC pursues the principle of maintaining independence and initiative, complete equality, mutual respect, and noninterference in each other's internal affairs when handling its relations with the parties of other countries (including bourgeois parties).

12. Implemented the dialectic materialist and historical materialist viewpoints in all the work of the party. The CPC lays special emphasis on the following viewpoints: that all work must proceed from reality (through investigation and study and seeking truth from facts), that social practice is the foundation of understanding, that the fundamental factor of the development of something is its internal contradiction, that class struggle is the motive force in the history of a class society, and that it is necessary to analyze classes. It guides all its work with these viewpoints. All the points listed earlier with which the CPC developed Marxism are without exception the result of the party using dialectical materialism and historical materialism to observe and solve problems in its practical work. The CPC not only adheres to the Marxist philosophy in theory but also consistently applies it to all its work, which is outstanding in the international communist movement. Mao Zedong's works such as *Combat Book Worship*, *On Practice*, *On Contradiction*, *Reform Our Study*, and *Where Do Correct Ideas Come From* as well as the works that do not deal with philosophical issues in particular, such as *Problems of Strategy in China's Revolutionary War*, *On Protracted War*, and *The Correct Handling of Contradictions Among the People*, are all important contributions to the Marxist philosophy. The famous Yanan "Rectification Movement" in the party history under Mao Zedong's leadership was an in-depth and extensive ideological struggle and educational campaign of overcoming non-Marxist viewpoints with Marxist viewpoints. The ideological discussion on the notion that "practice is the sole

criterion of truth" supported by Comrade Deng Xiaoping in the late 1970's was another educational campaign on Marxist ideology aimed at paving the way for the reform and opening up. Since the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping, Comrade Chen Yun, and the party Central Committee after the Fourth Plenary Session of the 13th CPC Central Committee with Comrade Jiang Zemin as the key figure have time and again emphasized the importance for the whole party, especially the high-ranking cadres of the party, to study the Marxist philosophy. The party Central Committee has conducted socialist ideological education in the whole party, among all the people of the nation, and in the rural areas of the entire country in a systematic, extensive, and in-depth way. The tradition of ideological methodology and work methodology based on the Marxist philosophy that the party has formed through many years of practice and education is the enormous spiritual wealth of the party. Marx said: "Philosophy takes the proletariat as its material weapon and, similarly, the proletariat takes philosophy as its spiritual weapon." "After mastering the masses, a theory can become a material force." In China, an unprecedentedly great practice of mastering the masses (referring to the cadres and other members of the party before anything else) with the Marxist philosophy and the entire Marxist theory is going on.

For the sake of simplicity, we will omit, for the time being, to appraise the faith in Marxism among the peoples of various countries. May we ask: What force in the world can defeat Marxism which has mastered a population of 1.1 billion?

How did the CPC develop Marxism, and in what respects did it contribute to Marxism? This is a huge topic that is beyond a single person's ability to supply a complete answer and it is even less possible to treat this topic well in an outline-style paper. This writer has hereby made but a preliminary attempt. There must be many missing points that should be covered or points that are covered but not well treated in this article. I hope readers will oblige me with valuable comments and those engaged in theoretical study all over the country will study and discuss this topic in an in-depth and systematic way and conduct readily understandable propaganda on this.

Li Xiannian, Wang Zhen, Bo Yibo Inscribe Exhibit

OW2406132991 Beijing XINHUA Domestic Service
in Chinese 0634 GMT 24 Jun 91

[Text] Beijing, 24 Jun (XINHUA)—In celebration of the 70th founding anniversary of the party, a national hard-brush calligraphy exhibit and award presentation was held in Beijing Military Museum today.

Li Xiannian, Wang Zhen, Bo Yibo, and others inscribed for the exhibit. Yang Dezhi and others cut ribbon for the opening ceremony.

Extolling the party, the motherland, and socialism, the more than 2,000 hard-brush calligraphic works on display depict distinct themes in a variety of styles. They were well received by viewers in the capital.

The Chinese Contemporary Hard-brush Calligraphy Practice Society cosponsored the exhibit with other units. Over 80 works were awarded gold, silver, and brass prizes. Prior to the opening of the exhibit, responsible persons concerned presented certificates and awards to winners.

Wang Zhen Attends Unveiling of Statue of Martyr

OW2606091891 Beijing XINHUA Domestic Service
in Chinese 1313 GMT 25 Jun 91

[By correspondent Zheng Pingliang (6774 1627 5328)]

[Text] Wuhan, 25 Jun (XINHUA)—A ceremony to unveil the statue of martyr Yang Liandi, a ladder-scaling hero, was held grandly at the machinery yard of the No. 11 Engineering Bureau under the Ministry of Railways in Xiangfan City, Hubei Province, this morning. State Vice President Wang Zhen, former commander of the Railway Engineering Corps, personally wrote the seven Chinese characters for "Ladder-Scaling Hero Yang Liandi" on the statue, and sent a letter of congratulations to the ceremony. Li Senmao, minister of railways, and Xu Penghang, vice governor of Hubei Province, unveiled the statue.

Outstanding CPC member Yang Liandi was the late deputy commander of the First Company of the First Regiment under the Railway Engineering Corps' First Division (now the First Team of the First Section of the No. 11 Engineering Bureau under the Ministry of Railways). While repairing the No. 8 bridge on the Lanzhou-Lianyungang Railway in 1949, he devised a single-side ladder scaling method, gained the honorific title of "Ladder-Scaling Hero," and was cordially received by Chairman Mao. He rendered approximately a dozen military exploits successively during the War to Resist U.S. Aggression and Aid Korea. He died gloriously at age 33 while repairing Korea's Chongchon River Bridge on 15 May 1952. He was posthumously named "Special-Class Meritorious Worker" and "First-Class Hero." His company was named "Yang Liandi Company."

To carry out the martyr's behest, workers and staff members at the No. 11 Engineering Bureau of the Ministry of Railways donated more than 30,000 yuan voluntarily toward sculpting the bust of Yang Liandi wearing the hat and uniform of the Chinese Volunteer Army.

Li Ruihuan Attends Modern Drama Festival

OW2106180891 Beijing XINHUA in English
1430 GMT 21 Jun 91

[Text] Xian, June 21 (XINHUA)—The first modern drama festival held in northwest China opened in this capital city of Shaanxi Province Thursday.

Attending the opening ceremony were Li Ruihuan, member of the Standing Committee of Political Bureau of the Central Committee of the Communist Party of China (CPC), Ma Wenrui, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, and Zhang Boxing, secretary of the Shaanxi Provincial Party Committee.

A modern drama depicting the life of Bai Juyi, a leading poet of Changan (present-day Xian) during the Tang dynasty (618-907) was staged at the opening ceremony.

Fourteen dramas with various themes, including some foreign dramas, will be presented during the festival.

Reports on Growing Drug Problem, Countermeasures

Execution of Smugglers

OW2406113291 Beijing XINHUA Domestic Service in Chinese 0339 GMT 24 Jun 91

[Text] Beijing, 24 Jun (XINHUA)—The Supreme People's Court recently laid down a criminal ruling ratifying the death sentences of two narcotics smuggling criminals Wang Fei and Lin Zhengyou.

In May 1989, Wang Fei, who was 29 years old and hailed from Longling County, Yunnan, became acquainted with Lin Zhengyou (22 years old, of Burmese nationality) outside the country. The two schemed to smuggle narcotics together. At the end of May, they were arrested by our public security organization in Dali city when they carried into Yunnan 2,449 grams of heroin, some of which they bought from narcotics traffickers outside the country and some of which they helped narcotics traffickers outside the country traffic for sale.

It has been reported that first the Dehong Dai-Jingpo Autonomous Prefectural Intermediate People's Court, Yunnan, and second the Yunnan Provincial Higher People's Court, after hearing this case, charged the two with smuggling narcotics and sentenced Wang Fei to the death penalty with deprivation of political rights for life and Lin Zhengyou to the death penalty. In accordance with the stipulations set by the procedure for review of death sentences in the Criminal Procedure Law, this case was submitted by the Yunnan Provincial Higher People's Court to the Supreme People's Court for review.

The Supreme People's Court reviewed the case and found Wang Fei and Lin Zhenyou guilty of smuggling narcotics by carrying heroin into the country from abroad. Because the quantity of the smuggled narcotics was huge and the circumstances were particularly serious, they should be severely punished according to law. Therefore, the ruling ratified the sentences passed by the original judgement and issued an order to carry out the death penalty on 19 June.

Foreigners Blamed

HK2606085891 Hong Kong AFP in English 0829 GMT 26 Jun 91

[By Pierre Lanfranchi]

[Text] Beijing, June 26 (AFP)—China's drug problem is worsening daily and foreigners are primarily to blame, officials here said Wednesday.

Officials of the National Narcotics Control Commission (NNCC) said the rising quantity of drugs seized in China—mostly heroin from the Golden Triangle—and the country's use as a drug transit point are cause for serious concern.

Authorities seized 1,632 kilograms (3,590 pounds) of heroin and 782 kilos (1,720 pounds) of opium last year during 3,670 investigations, the NNCC said in a statement on the International Day Against Drug Abuse and Illicit Trafficking.

The LEGAL DAILY [FAZHI RIBAO] reported Tuesday that 5,612 drug traffickers were arrested last year. The official CHINA DAILY [ZHONGGUO RIBAO] quoted official figures as showing 70,000 registered drug addicts in China by the end of 1989, including a rising number of youths.

"Transit drug trafficking activity is the major problem," especially in the southern province of Yunnan, officials told reporters here.

Yunnan borders the Golden Triangle, where the borders of Burma, Laos and Thailand converge.

Most drug-smuggling through China occurs in the southern coastal province of Guangdong, from which it is shipped to the rest of the world through Hong Kong and neighboring Macau, the officials said in a statement circulated Wednesday.

They also attacked drug-related crime, a phenomenon "almost completely eliminated right after the founding of the People's Republic of China" in 1949. They say it has made a comeback since 1980.

"The situation is getting worse with every passing day," they said.

The NNCC, created last year, comprises police, customs and health ministry representatives. It failed to provide any figures on the number of addicts said to be increasing continually.

The officials blamed the problem largely on China's "accommodating and magnanimous practice towards the entry of foreigners, overseas Chinese, visitors from Hong Kong, Macau and Taiwan since the adoption of the open policy in China" in the early 1980's.

This practice "offers an inevitable loophole to drug traffickers," they said.

Under a December 1990 law that stipulates death or life imprisonment for convicted drug traffickers, a special unit of 1,300 police officers has been stationed in Yunnan, said Yu Lei, vice minister of public security and NNCC secretary-general.

No police or government officials have been implicated in any drug cases because of their "deep sense of discipline," Mr. Yu said.

He stressed the need for international cooperation to stop drug trafficking, particularly in the Golden Triangle.

NNCC deputy chief Yuan Yongyuan welcomed information exchanges with Thailand and Hong Kong since 1988 and the beginning of cooperation with Burma, to which Chinese specialists recently paid a visit.

This cooperation is developing with help from the United Nations, he added.

Efforts are also under way to work with countries in the Golden Crescent (Afghanistan, Iran and Pakistan), notably since the arrest of Pakistani drug traffickers in the northwestern Moslem-majority province of Xinjiang, Mr. Yuan said.

He also regretted that the United States had failed to extradite a Chinese national arrested in San Francisco with large quantities of drugs and automatic weapons.

"We never expected that government would go as far as political asylum," he added without elaborating on the case.

Such charges against foreigners blunt the willingness of China's anti-drug officials to confront a long-hidden problem openly and realistically, analysts said, as the government this week launched a nationwide anti-drug campaign.

Drugs are a sensitive subject in China, as the British introduced Indian opium in vast quantities here before the 19th-century wars that led to the ceding of Hong Kong to Britain.

NNCC officials said no cooperation currently exists between China and the Soviet Union, despite their common border of more than 7,000 kilometers (4,500 miles).

Wang Fang at Conference

OW2606153991 Beijing XINHUA Domestic Service
in Chinese 0751 GMT 24 Jun 91

[By RENMIN RIBAO reporter Su Ning (5689 1337) and XINHUA reporter Zhou Lixian (0719 4539 2009)]

[Text] Beijing, 24 Jun (XINHUA)—The State Commission for the Prohibition of Drugs held its first national conference in Beijing today to sum up the work of combating drug-related crimes in the past few years; to analyze the current trend of drug-related crimes; and to discuss measures for preventing the spread of drug problems.

Wang Fang, state councillor and head of the commission, attended today's conference.

Since the mid-1980's, according to the conference, China's drug problem has reemerged and spread under the influence of the rampancy of drugs on a global scale. After 30 years, China's drug-prevention work was restored once again to launch an offensive against drugs. According to statistics, from 1985 to 1990 public security organs throughout the country cracked nearly 30,000 drug-selling cases, seizing 2,120 kilograms of heroin in 1989 and 1990 alone; at the same time, customs also cracked a number of drug smuggling and selling cases. In the past six years, 20,800 drug offenders have been arrested throughout the country, of whom 16,000 were put behind bars. A number of drug addict rehabilitation centers have been set up in some localities through the coordination of public security, civil affairs, and public health departments. These centers have helped a number of drug addicts kick their addiction.

Although departments concerned have not relaxed their work on combating drugs in the past few years, drug crimes have continued to spread due to the increase in drugs brought in by traffickers. The situation is the grimmest since the movement against drugs was launched in the 1950's. This was stressed by State Councillor and head of the State Commission for the Prohibition of Drugs, Wang Fang, in his report to the conference. He said: In the past few years the output of opium in the "Golden Triangle" region, which borders China's southwest frontier, has increased from 700 metric tons to 2,500 metric tons. International drug trafficking groups and drug traffickers have tried very hard to open a "passage to China," and the flow of drugs into China from the outside is becoming increasingly serious. This is the external factor we cannot avoid, but there is also the internal factor which has caused the drug problem to become serious—subjectively we are unable to realize the seriousness of the problem; we have not done enough to combat the problem; and poor equipment is being used in combating the problem.

To cope with the serious situation brought about by internal and external drug crimes, Wang Fang urged all relevant departments to comprehensively implement the relevant instructions of the CPC Central Committee and the State Council on banning drugs, to completely eliminate the scourge of drugs, to slow down the rampancy of drugs within two to three years, to gradually stop the inflow of drugs from the outside, and to thoroughly eliminate drug consumption in China. He also urged all relevant departments to cut off the source of drugs by banning trafficking, planting, and the use of drugs; to tackle the problem itself as well as its root cause by strictly enforcing laws; to mobilize all sectors of society to combat drugs under the leadership of local party committees and governments by adopting the methods of cracking down, prevention, and control, propaganda, and education; and to launch a people's war on banning drugs by eliminating them, punishing drug traffickers, and drug growers, and forcing drug addicts to quit using drugs.

Drug prohibition experts from public security, public health, and customs departments throughout the country and comrades from some major provinces and autonomous regions, numbering 200, attended the conference.

Wang Addresses Forum

OW2606142291 Beijing XINHUA Domestic Service
in Chinese 0826 GMT 26 June 91

[By RENMIN RIBAO reporter Su Ning (5685 1337) and XINHUA reporter Zhou Lixian (0719 4539 2009)]

[Text] Beijing, 26 Jun (XINHUA)—The State Commission for Banning Narcotics [SCBN] held a forum in Beijing today to mark the fourth anniversary of International Drug Day. Attending the forum were delegates to the national meeting on banning narcotics, personages from all sectors, and representatives of the UN Development Program and World Health Organization [WHO] stationed in Beijing.

Wang Fang, State Councillor and SCBN chairman, attended the forum.

The increasingly serious narcotics issue has now become an international pestilence and a global catastrophe. No country or region in the world is free from the harmful effects of narcotics. On 12 July 1987, the 42d UN General Assembly adopted a resolution designating 26 June of each year International Drug Day.

Speaking at the forum, Yu Lei, vice minister of public security and SCBN secretary general, said: The spread of large quantities of narcotics directly jeopardizes the physical and psychological health of people from all countries and regions in the world, and greatly threatens national development and progress. Various types of vicious and violent crimes, such as theft, robbery, swindling, and prostitution, brought about and provoked by drug trafficking and abuse, have increased substantially, and have seriously jeopardized public security and order in many countries and regions. In some countries and regions, the three-in-one combination of drug trafficking, terrorism, and underworld activities has posed social problems that are disruptive to national stability. Because of massive drug circulation and transactions, the drug economy has acquired shocking proportions. The circulation of large amounts of "narcotics funds" is now directly or indirectly threatening the normal operation of the international economy. International drug problems have now become so serious that the international community and governments of all countries are urgently required to make unprecedented great efforts to contain the further development of international drug activities.

Yu Lei said: Because of the shipment of large quantities of narcotics from the "Golden Triangle" to Hong Kong and the international market via China by foreign and domestic drug rings, drug problems first spread to southern Chinese provinces and regions, such as Yunnan, Guizhou, Sichuan, Guangxi, and Guangdong, and later to some northern provinces and regions, such as Gansu, Shaanxi, and Inner Mongolia. These problems

have now spread, in varying degrees, to over 700 counties and cities in all the provinces, autonomous regions, and municipalities in the nation. We should gain a full understanding of and pay adequate attention to the gravity of drug problems and the urgency of the antinarcotic struggle.

Speaking at the forum, Vice Foreign Minister Liu Huaqiu said: Internationally, China cooperates closely with UN drug agencies, thereby making its own contributions toward international and regional cooperation in banning narcotics. Faced with the increasingly serious drug situation, we are determined to promote a broader-based nationwide struggle against narcotics.

Liu Huaqiu stressed the need to strengthen international cooperation in banning drugs so as to ensure smoother progress in the international struggle against narcotics. He also asked developed countries to provide active support and assistance to developing countries in their efforts to eradicate drug sources, to plant substitute crops, and to develop other forms of production.

Qian Guanlin, deputy director of the General Administration of Customs, and Gu Yingqi, vice minister of public health, also spoke at the forum. They respectively gave briefings on antinarcotic operations launched by customs authorities and efforts made by public health departments to stop drug abuse.

(Hans Gene), representative of the World Health Organization to Beijing, also addressed the forum.

The SCBN held a press conference for Chinese and foreign reporters after the forum. SCBN Secretary General Yu Lei and other SCBN members briefed the reporters on China's fight against narcotics and answered their questions.

Yu Lei, Liu Huaqiu Speak

OW2606192891 Beijing XINHUA in English
1416 GMT 26 Jun 91

[Text] Beijing, June 26 (XINHUA)—Senior Chinese Government officials made appeals here today to strengthen international cooperation in the realm of drug law enforcement so as to stamp out the narcotics abuse throughout the world.

Chinese Vice-Minister of Public Security Yu Lei warned that rampant drug abuse has become an international pestilence and a global disaster.

Yu made the remarks at a ceremony marking the fourth anniversary of the international day against drug abuse and illicit trafficking, which was held in the Great Hall of the People today.

The annual production volume of opium poppies in the Golden Triangle area has increased from some 700 tons a few years ago to over 2,000 tons in 1990, according to reports.

Yu, who is also secretary-general of the Office of the National Narcotics Control Commission, said that the international community and governments of all countries need to curb the spread of narcotics, which is considered a tremendous threat to the development and progress of the human beings.

Vice-Minister of Foreign Affairs Liu Huaqiu said that the Chinese Government is deeply concerned about the drug abuse and trafficking problems facing the world.

China is ready to cooperate with international efforts so as to promote drug control efforts across the planet, Liu said.

The elimination of drug abuse is the common duty of all countries, particularly narcotics producing, consuming or transiting countries, he said.

Controlling the demand and production of narcotics are the two major tasks confronting world drugs control, Liu stated, adding that developed countries should make greater efforts in such regards.

The illegal production and illicit trafficking can only be totally banned when illegal demand is extinguished, he said.

Therefore, relevant countries should promote information exchanges and cooperation in the field of drugs control and hand out stricter punishments to illicit drug traffickers.

Eliminating the protophyte of narcotics and implementing narcotics plantation substitution are fundamental ways to eliminate drug abuse, he noted.

The strategy related to narcotics plants substitution suggested by the U.N drug control program should be firmly supported by the international community, he added.

The World Health Organization representative for China and delegates to the national drug control conference attended today's ceremony.

Cooperation Sought

HK2706010991 Beijing CHINA DAILY in English
27 Jun 91 p 1

[By staff reporter Zhang Ping]

[Text] China yesterday called for close international cooperation in combating the worsening problem of drug trafficking, which has become a serious menace to the world community.

Leading officials from the Chinese Foreign Ministry, ministries of Public Security and Public Health made the call at yesterday's gathering in Beijing to mark the International Day Against Drug Abuse and Illicit Trafficking, which falls on June 26.

Representatives from the United Nations Development Programme (UNDP), World Health Organization (WHO) and all the 200 delegates attending the national narcotics control conference in Beijing were present at the gathering.

CHINA DAILY has learned that during the conference, the State Council agreed to provide more funds and to strengthen the country's newly-organized anti-drug enforcement task-force.

Yu Lei, secretary general of the National Narcotic Control Commission (NNCC), said that China's drug problem, caused by the infiltration of drugs from the Golden Triangle areas, had become very serious in recent years, and the Chinese Government was determined to launch another "people's war" to block the drugs smuggled through Chinese territory.

"Over 700 counties and cities in all the country's provinces and autonomous regions have, to a greater or lesser extent, been affected by the drug problem," Yu said.

In 1990 Chinese police uncovered 3,670 drug-related cases and arrested 5,612 suspects.

About 782 kilograms of opium, and 1,632 kilograms of heroin were seized, over three times more than the figures in the previous year.

Chinese drug control officials also revealed that anti-narcotics cooperation between China and Myanmar was already substantial.

"We have decided to take joint action and cooperate in changing the poppy plantations in northern Myanmar to other crops," said the Chinese drug control officials.

According to Qian Guanling, deputy director of the General Administration of Customs, more heroin smuggling cases were being caught by the Chinese customs.

Among drug traffickers, there were people from the United States, Nepal and Myanmar as well as from Hong Kong, Taiwan and some mainlanders, Qian said.

In the first five months of this year the Customs seized 26 kilograms of heroin, 28 kilograms of opium, 122 kilograms of marijuana and 31 kilograms of amphetamine.

News Conference

HK2706122491 Hong Kong WEN WEI PO
in Chinese 27 Jun 91 p 5

[Dispatch by staff reporter Chen Chien-ping (7115 1696 1627): "Press Conference of State Commission for Prohibition of Drugs"]

[Text] Beijing, 26 Jun (Beijing)—Secretary General of the State Commission for the Prohibition of Drugs Yu Lei, Executive Deputy Secretary General Liu Wen (director of the Criminal Investigation Bureau under the Ministry of Public Security and director of the China Central Bureau of Interpol), and Deputy Secretaries General Yuan Yongyuan (deputy director of the Criminal Investigation Bureau under the Ministry of Public Security), Pan Xuettian (director of the Bureau of Drug Policy and Administration under the Ministry of Public Health), Wang Yujiang (director of the Research Department of the General Administration of Customs), and

Zhao Dabin (deputy director of the Public Security Management Bureau under the Ministry of Public Security) gave a press conference here today, answering questions raised by reporters, such as whether Chinese officials had been involved in criminal activities related to drugs, the question of cooperation between China and foreign countries to fight drugs, affairs concerning antinarcotics cooperation between China and the United States, and drug trafficking involving inhabitants of border areas, and so on. The following are the minutes of the press conference.

No Officials Are Involved in Drug Trafficking

[LE MONDE reporter] How many cases of drug trafficking have involved government officials?

[Yu Lei] I can definitely tell you, no government officials were involved in any drug trafficking cases.

[AFP reporter] For almost all state-organized, antinarcotics operations in the world, the greatest obstacle has been that many government officials and policemen are involved in drug trafficking because the temptation of profit is great indeed. You are the second Chinese official in the past year to unequivocally deny any official involvement in drug trafficking. Why are Chinese officials and police so honest, in contrast to their foreign counterparts?

[Yu] China is a socialist country, and Chinese government officials and the Chinese police are governed by strict discipline. In China, thanks to the public's cooperation, the drug issue was solved very soon after the founding of the PRC. People in old China had suffered greatly from drug addiction, and the drug addict population had once risen to 20 million. The drug problem was solved in the initial period after the founding of the PRC, around late 1952. China has been free from the drug problem for more than 30 years since. However, the drug problem has revived in China over the past several years because of infiltration by international drug traffickers. At the beginning we did not realize the seriousness of the issue, nor did we pay enough attention to it. Recently, especially after the establishment of the State Commission for the Prohibition of Drugs, we have earnestly stepped up operations against drug trafficking. Officials in charge of the antidrug trafficking operation, and the police as well, have resolutely carried out their superior's directives, strictly enforced discipline, and taken action in advance to deal with and stop any activities that may be against the law. Therefore, as far as drug trafficking is concerned, no Chinese government officials have not been involved, their cases are not like that of their foreign counterparts as you have mentioned.

Cooperation With Thai, Burmese, and Pakistani Police

[Central People's Broadcasting Station reporter] We have noticed that the drug problem mainly arises from the transit of drug traffickers via China [as published]. Is there any cooperation between Chinese and foreign police to fight such activities? To be precise, is there any

cooperation between Chinese police and their Thai and Burmese counterparts in the Golden Triangle?

[Yu] As all of you know, there are three main drug producing areas in the world, one in South America and the rest in Asia. In Asia, one of the drug producing areas is the Golden Triangle area and the other is the Golden Crescent area. The Golden Triangle area constitutes a great threat to us, and we attach great importance to our cooperation with the Thai and Burmese police in this area. By the way, this cooperation is now materializing. I would rather leave your question to Mr Yuan Yongyuan.

[Yuan Yongyuan] The Chinese police and the agency for the prohibition of drugs which has just been established have always set much store in international cooperation. This sort of cooperation generally began in 1984. In this regard we are maintaining ties with many countries. Such ties operate through diplomatic channels, Interpol, or bilateral communications between police and antinarcotics agencies. We established these sort of ties with Thailand pretty early. Back in 1988, through Sino-Thai cooperation we succeeded in cracking down on an international drug trafficking ring formed by Thai and Hong Kong criminals trafficking drugs within China's boundaries. Cooperation with Burma was initiated recently. Last year, the UN antinarcotics agency proposed an international cooperation plan to fight drug trafficking in the Golden Triangle area and urged China to take the initiative in intensifying cooperation with its neighboring countries in antinarcotics operations. We positively responded to the UN proposal and sent, on our own initiative, a delegation to visit Burma where we had wide-ranging discussions on the antinarcotics issue with the Burmese government.

After a few rounds of consultations, trilateral cooperation among China, Burma, and the UN has been implemented since last August. The three sides have reached a preliminary agreement on joint operations; and a concrete plan which is being drawn up by the UN agency will include bilateral cooperation in antinarcotics operations, and experiments to change crop growing patterns in northern Burma. While keeping an eye on drug infiltration from the Golden Triangle area, we have also been guarding against possible import of drugs from the Golden Crescent area. In this regard, we have already contacted the Pakistani antinarcotics agency. Recently, in Xinjiang, we cracked a case of heroin imports from Pakistan.

Most Drug Trafficking Cases in China Are Related to Transit of Drugs

[American Broadcasting Company reporter] Drug abuse is serious in the United States, and a large quantity of drugs are imported from the Golden Triangle, via China, by Chinese drug traffickers. The United States wishes to cooperate with China, but China has shown little interest in this. Does China hope to enter into cooperation with the United States in this regard?

[Liu Wen] We at the Chinese Government have paid much attention to the serious situation in drug trafficking in the

world today, especially the serious drug problem in the United States. You have pointed out that some Chinese are involved in drug trafficking, which is a fact. The term Chinese denotes different categories of Chinese people. First, some Chinese who migrated to a foreign country and have obtained a foreign nationality can be called Chinese; and Chinese also includes Chinese residing in Taiwan, Hong Kong, and Macao. Second, Chinese can denote mainland Chinese. I am sure that few mainland Chinese are involved in drug exports to the United States. Chinese drug traffickers are more likely to be from Taiwan, Hong Kong, and the United States. As for the drug trafficking route from the Golden Triangle through China to the United States, it is true that some narcotic products pass through China. As far as drug trafficking in China is concerned, the main point that is noteworthy is that it is of a transit nature—drug transiting is the key link of the issue. This is mainly because China is geographically close to the drug producing area.

At one time China and the United States cooperated very well in the struggle against drug trafficking. Some extraordinarily big drug trafficking cases were cracked by the Chinese and U.S. sides in cooperation with their Hong Kong counterparts. However, in operations concerning a certain case, our American friends were not quite so cooperative. The problem remains unsolved so far. A criminal was sent from China to testify at a court in the United States. He is a very important figure in the case, a principal suspect with a serious criminal record, and he is a veteran criminal offender. As the trial at the U.S. court required his testimony, China extended full cooperation to the processing of this case. In connection with this we sent a police group to escort the criminal to the United States. But the U.S. side has retained him and did not send him back to China. For more than a year we have heard nothing about this criminal. We feel that it will be very difficult to handle when such a case happens in the course of cooperation between friends in the same profession. By the way, the Chinese judicial organ is also unhappy. How can you keep the criminal and refuse to send him back? My American friends, if you were in such a position, how would you feel about it? Despite this unpleasant case, we still believe that the U.S. side will try to settle the problem as soon as possible. I am sure there are very bright prospects for our efforts to fight international drug trafficking, providing this case is properly settled.

There Are More Than 70,000 Drug Traffickers [as received] in This Country

[Soviet broadcasting station reporter] There is a very long common border between China and the Soviet Union. Could you give me an example illustrating cooperation between China and the Soviet Union in the struggle against drugs? If such an example is not available, would you please elaborate on the possibility of such cooperation between China and the Soviet Union?

[Yu] So far I cannot give an example you want. There is no example like this among the cases we have received so far. Of course, as there is a very long common border

between China and the Soviet Union, should there be such a need in the days to come, I believe we can expect very good cooperation.

[Unidentified reporter] I have two questions. First: Do you have the drug addict figures for 1990 at hand? Second: You have just mentioned that the U.S. side has not sent a witness back to China, could you tell me why the U.S. side refuses to return the witness? Also, how powerful are drug trafficking rings in China? And, do drug traffickers join drug trafficking rings in a personal capacity?

[Liu] I cannot tell you how many drug addicts there actually are in China. Since China is such a large country with a 1.1 billion population, we need to spend much energy to conduct a census before we can get a relatively accurate figure. At present we have still not obtained an updated figure for all of China. The data available shows that there are 70,000 drug addicts in this country.

As for the present drug trafficking situation, there are basically several types of drug traffickers. Some fall into the category of collective crime, and we call them drug trafficking rings. Some are individual drug traffickers. Of course, in some cases, a few people may join together to run drug trafficking business. Now, in China, relatively large-scale collective drug trafficking operations are mainly run by criminals outside our borders in collaboration with those inside the mainland. However, so far we have not found any drug trafficking rings operating in this country on a scale as large as those operating abroad.

As for the case concerning the transfer of the witness to the United States, I am unhappy myself, too. But I think you had better turn to the U.S. side for an explanation of this question.

The Drug Trafficker Has Sought Asylum in the United States

[Yu] I would like to say something about this case. Originally we did not want to mention this issue here. Now that you have raised the question, I will just say a few words. This is a very well-known transnational drug trafficking case. The Chinese police have made great efforts. We sent some detectives to San Francisco to shadow some drug traffickers and to monitor a "controlled delivery." This big, notorious, worldwide drug trafficking ring was finally smashed. When this case was cracked in the United States, apart from large quantities of drugs, some weapons were seized, including automatic rifles and a great deal of ammunition. We had expected further cooperation between us and the U.S. side to finish the case after cracking this transnational drug trafficking operation by joint efforts. However, we were surprised that the United States, as a real superpower, offered political asylum to that drug trafficker and criminal offender. This is really something incredible. Such being the case, the settlement of this issue rests with the U.S. Government and judicial authorities which we hope will show sincerity in seeking a solution. I do hope you reporters here, especially that gentleman from the

United States, will support us through the mass media, in this international undertaking to fight drugs.

The People's War Against Drugs Along Borders

[WEN WEI PO reporter] Could you tell me how people in border areas are involved in drug trafficking, say, what is the ratio between the quantity of drugs confiscated from drug trafficking rings and that from individuals in border areas last year? In addition, you have mentioned that antidrug trafficking forces have been strengthened along the borders, could you explain in detail?

[Liu] Now the sources of drugs are outside our borders, therefore most cases are cracked, and most drugs are seized, along the borders. Cases of drug trafficking by inhabitants of border areas are different from those by drug trafficking rings. Accurate numbers for individual drug traffickers and drug trafficking rings are unavailable now. However, as a general trend, drug trafficking is gradually becoming a collective crime. The Chinese police have already noticed this trend. As for the intensification of antidrug operations, our general principle is to eradicate the source of drugs and to stop the flow of drugs. That is to say, we will do our best to prevent drugs from entering China; and, once drugs are smuggled into the country, we will eradicate them in their process of circulation. At present, in Yunnan, customs, armed border police, and public security organs are all fighting drug trafficking. What is more, the state allows Yunnan province to maintain an extra force in this regard. The province now has a 1,300-strong antidrug contingent which is going to be reinforced in terms of efficiency and size. The state, for its part, has adopted a preferential policy in favor of Yunnan province in terms of both funds and equipment for fighting drug trafficking. Of course, while strengthening the special government organs concerned, we need to enlist the public's support, which is more important. We must launch a "people's war" on the front line of the struggle against drug trafficking and thus solve the drug problem.

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HK1906023791 Beijing RENMIN RIBAO in Chinese
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Economic & Agricultural

Papers Note Rise in Rural Collective Economy

HK2506023191 Beijing CHINA DAILY in English
25 Jun 91 p 4

[By K. W. Zhang]

[Text] Newspaper reports have revealed that despite the emergence and development of private and individual businesses in the countryside, rural collective economy has continued to expand in absolute terms.

But the extent of development differs from region to region. While in some areas, rural collectives have become a strong backing to farmers, in others, a mere framework of the collective economy remains.

According to ECONOMIC INFORMATION [JINGJI CANKAO BAO] daily (May 20) statistics for 29 of 30 provincial-level mainland areas show that in 1990, rural collectives accounted for some 69 percent of the total rural income and 59 percent of total rural fixed assets for production purposes, a much smaller percentage than in the 1970's or 1960's, when the rural economy was almost 100 percent collective.

But in absolute terms, the collective economy has still been on the rise.

The same source said rural collective economy income in 1990 totalled 890 billion yuan, a 94 percent increase over 1985. In comparison, the total rural income increased by 92 percent in the same period.

In fixed assets for production purposes, those owned by collectives reached 231.5 billion yuan (original value) by the end of 1990, an increase of 92.4 percent over 1985. In comparison, total rural fixed assets were 96.3 percent greater than in 1985.

Analysts partially attribute the continued booming of the rural collective economy to the introduction of the household contract responsibility system.

China's rural collectivization, started in the 1950's, was very strict. In people's communes, farmers, using collectively owned means of production, worked to fulfill goals assigned to them by their team leaders and earned work points to be cashed after harvests.

About a decade ago, a household contract responsibility system was introduced nationwide.

On a household basis, farmers were contracted to cultivate plots of land or do other businesses, for which they are allowed to keep all the produce in excess of the amount to be handed over to their collectives.

Functions

This reform measure had two functions. Firstly it made it possible for farmers to develop their private or individual businesses. Secondly, it breathed new vigour into the collectiv economy.

The rural collective economy is now characterized by a double-layer structure combining collectively-framed separate household under-takings with unified collective economic activities.

This has represented a self-improvement of the collectiv economy.

According to the same statistical source, farmer's earnings from the undertakings they were contracted to do by their collectives made up 43.6 percent of the total income of the collective economy in 1990.

Collective enterprises, meanwhile, contribute substantially to the consolidation of the rural collective economy.

In 1990, rural collective enterprises at the village and township levels accounted for 50.2 percent of the total income of the rural collective economy, and 77.6 percent of the total collectively-owned fixed assets.

In some parts of the country, the strengthened collective economy has become an umbrella for farmers. One such example in Suzhou in southern Jiangsu Province, a prefectural level city with more than 8,000 square kilometres of rural area and some five million rural people under its jurisdiction. Suzhou's rural collective enterprises have accumulated some seven billion yuan worth of fixed assets, employing a workforce of more than one million.

Suzhou's rural areas contributed to some 1.6 percent of the country's GNP last year, while accounting for less than 0.1 percent of its territory. Suzhou's rural collectives, contributing to 98 percent of the total output in the area, have spent some 130 million yuan annually in the past decade to subsidize farming, five times as much as the government input in the same period of time.

As a result of collective investment, which was several billion yuan in the past decade, Suzhou's rural areas are in the process of urbanization, with highways linking all the townships and most villages, international telephone service offered in all the townships, and cinemas, recreational centres, hospitals and sports facilities available in all township seats or towns.

Farmers' income per capita increased from 204 yuan in 1978 to 1,193 yuan in 1990, more than 80 percent of which came from collective economic activities.

Writing in the People's Daily (June 7) to introduce these achievements, Wang Minsheng, Suzhou Party Secretary,

said Suzhou owed much of its success to the decision in the 1980's, while introducing a household contract system, not to scatter the collective-owned assets, totalling more than 600 million yuan, to individual farmers. It is thanks to this amount of collective assets that Suzhou has quickly developed a double-layer management system combining household businesses and collective service.

News from some other parts of the country, however, is not as encouraging. According to a recent survey of 20 counties, 60 townships and 120 villages in the southwestern province of Sichuan, one third of the villages, except for land which, prescribed by law, is collectively owned, had virtually nothing collective, and nearly half were troubled with poor development of collectively-owned undertakings. The collective economy remained sound only in one fifth. The so-called collective economy in most cases only included a few township industrial enterprises.

Income

In the 60 townships, collective income totalled only 47.5 yuan if calculated on a per capita basis, of which 81 percent was contributed by township enterprises. Thus, investment in agriculture has been left to the individual farmers.

Here, the surveyors used different methods of calculation, excluding the income of farmers from the business they were contracted to do by their collectives.

But another article discussing the survey results in the Economic Information newspaper (June 6) provided comparable statistics highlighting the difference.

In 1989, per capita income of Sichuan farmers averaged 494.07 yuan, 17.9 percent less than the nation's average. But Sichuan farmers' income coming directly from their collectives averaged only 23.88 yuan per capita, 57.8 percent lower than the nation's average, or one ninth of the Shanghai, Beijing and Jiangsu average.

To make things worse, the above survey of the 20 counties, 60 townships and 120 villages found that township or village enterprises there were all in debt. By the end of 1989, each surveyed village had average debts of 45,000 yuan. And nearly a quarter had debts of above 100,000 yuan, exceeding the value of their fixed assets, thus reducing the collective economy to nothing in financial terms.

Based on the survey results, the article by Sheng Yunlai in the May 24 issue of the Economic Information Daily claimed that the collective economy of a significant portion of rural villages in Sichuan Province had been reduced to a mere framework, and that the collective economy there had completely, or partially, lost its function as the bridge between the State and farmers.

Economically, the function of collectives to provide unified service for household businesses is reduced or even annulled. A questionnaire answered by 900 farmers

in the above Sichuan survey revealed that unified prevention and control of plant disease and elimination of pests was carried out only in some 43 percent of the surveyed townships.

Even in developed areas such as Jiangsu, there are cases of the collective economy being left with a mere framework.

According to May 30 issue of the Economic Information Daily, in the rural area of Jiangsu's Xinghua city, examples could be found where a village of some 1,000 people had less than 10,000 yuan worth of collective owned assets.

Restructuring Economy Creates New Markets

*OW2606114191 Beijing XINHUA in English
1034 GMT 26 Jun 91*

[Text] Beijing, June 26 (XINHUA)—Since 1978, China's efforts to restructure its economy have successfully transformed the traditional central planning system into one of the planned commodity economy which uses market principles as key operating measures, according to the latest issue of the "BEIJING REVIEW".

This introduction of market principles led to some changes in the macro and micro-economic regulatory systems:

As ownership has been restructured, both enterprises and individuals have cultivated an awareness of their capacity to participate in market activities on their own.

In the past, enterprises and individuals were plagued by the monotonous pattern of public ownership and lacked a sense of economic participation. Since 1978, however, great changes have taken place in the ownership structure.

First, sole public ownership has been replaced by state-owned, collective, private and foreign-funded economic sectors.

Second, the separation of ownership rights from managerial rights within the public sector has made enterprises independent in management and responsible for their own profits and losses. Such changes have been a powerful market stimulus for enterprises.

Prices have been readjusted to better mirror the value of commodities and the relations between supply and demand. State-set prices, floating prices and free prices coexist. The proportion of state-set commodity prices has been decreased and the proportion of commodities whose prices are subject to market regulation has been increased in order to narrow the gap between the two pricing systems for the same commodity.

The ultimate goal is to have a single pricing system and, under the guidance of planning, to let prices float with the market. As required by the law of value, prices for farm produce, energy, raw and semi-finished materials and other basic industrial products have been increased in order to achieve price parity.

The scope of market has been gradually widened and various market systems promoted. In terms of market forms, not only have the original wholesale and retail markets been developed, but auction and leasing markets have also been established. In terms of market variety, apart from the original consumer goods market, a capital goods market, monetary market, real estate market and foreign exchange market have also seen rapid development. A new market network centered around large and medium-sized cities and featuring the free flow of commodities has been initially shaped.

With their regulatory functions strengthened, markets are playing an ever more important role in the national economy. Price changes are exerting an increasing influence on commodity supply and demand, labor and funds. In the past, enterprises depended heavily on the government but today they must keep a close eye on market trends. In the field of macro-economic regulation, the state no longer exercises quantitative management of the economy through direct planning as it did in the past. Instead, it exercises indirect macro-management through the use of market mechanisms in accordance with the law of value. The state guides enterprises in its macro-economic development program by changing such parameters as tax, interest and exchange rates.

East Region

Lu Rongjing at Anhui Flood Emergency Meeting

OW2406223591 Hefei ANHUI RIBAO in Chinese
16 Jun 91 p 1

["Provincial Party Committee and Government Leaders Call Meeting To Make Emergency Arrangements for Flood Storage at Wangjia Dam on Hai He"]

[Text] Early yesterday morning, leaders of the provincial party committee and the provincial government, namely, Lu Rongjing, Fu Xishou, Meng Fulin, and Wang Sheyun, called a meeting to make emergency arrangements for storing floodwater at the Wangjia Dam on the Huai He. The meeting was attended by responsible persons from the provincial departments concerned, the provincial military district, and the provincial armed police force.

It was decided at the meeting that the Fuyang Prefectural Party Committee and Administrative Office should firmly carry out the order issued by the State Flood Control Headquarters and make preparations to store the floodwater in a timely manner. Prior to storing the floodwater, they should take all necessary measures to move local people, their livestock, and property expeditiously from the spot so as to ensure their safety and guarantee the smooth progress of the flood-storage process. The provincial military district and the provincial armed police force should promptly dispatch their units and militia to the Wangjia Dam to help relocate people, their livestock, and property and to maintain public order. Party committees and governments at all levels and the vast number of cadres in the flood-storage area should take overall interests into consideration, abide by discipline, be concerned about the local masses, and make every effort to ensure that the masses move safely to other places. They should reinforce their confidence and unite to work hard to overcome difficulties caused by the disaster. The broad masses of Communist Party members should display an exemplary vanguard role in the anti-flood struggle and should unite and lead the masses to promote production as a way to provide for and help themselves.

In addition, the meeting called on the news and propaganda departments at all levels to carry out good propaganda and reporting work on the province's anti-flood efforts. They should pay attention to collecting timely information about the water condition, losses suffered, and the work done to store floodwater and combat the disaster. It was also decided that another meeting, attended by responsible persons of the Civil Affairs Department, the Public Health Department, and other departments concerned, be held on the morning of the same day to study and make plans for relief work and epidemic-prevention work in disaster-affected areas, especially the flood-storage area.

Inspects Damage in Huainan

OW2606084991 Hefei ANHUI RIBAO in Chinese
19 Jun 91 p 1

["Lu Rongjing Inspects Flood Situation in Huainan City, Directs Antiflood Work"; by ANHUI RIBAO correspondent Wang Jiasi (3067 1367 7475) and reporter Lu Yueri (7627 6460 2480)]

[Text] "Rushing in the harvest means quickly snatching the grain," and "we must duly protect the coal mines, the power plants and the railways." These are the two sentences repeatedly emphasized by the Provincial Party Secretary Lu Rongjing after inspecting the flood situation and hearing reports on it in Huainan City on the afternoon of 17 June.

Since the middle of June, a spate of extremely heavy rains have hit Huainan City, causing a serious flooding situation. Trudging through muddy roads, Lu Rongjing arrived at the muddy river bank. On reaching the center of a bridge, he reached out for several unshelled grains of wheat which had drifted down from the upper reaches of the river. He bent down to scoop up a few stalks and take a sniff at their tips. After rubbing several grains in his hands, he put them into his mouth and tried to chew them, and said to Huainan City Party Secretary Song Xiaoxian: "It tastes musty, but the wheat in the ground should be still edible." Along the muddy embankment of the river, a few hundred members of the flood-fighting squad were carrying dirt and trying to fortify the embankment. Lu Rongjing bent down to take a measurement of the distance between the water level and the top of the embankment, and at the same time, extended greetings to the comrades who were smeared all over with mud. In the front part of the embankment, a group of youths were compressing the earth. Lu Rongjing joined them in compressing the earth in rhythm with a work song. He said: With the strength of our workers, the embankment will be secure. On the opposite side of the muddy river bank, workers were putting up makeshift sheds. Lu Rongjing inspected them one by one and greeted the workers.

In a conference room, City Party Secretary Song Xiaoxian, Mayor Li Zhenhua, and Director of Mining Li Zongzhen reported on the flood situation. Lu Rongjing said: The most important task at the moment is to save the coal mines, the power plants and the railways from flooding. This should be the case not only in Huainan City, but also throughout the province. The situation is critical with the floods coming down full force—which has never occurred before according to all available records. We must face reality, and take all possible measures to guarantee the lives of the people and the safety of property. It is necessary to organize able and experienced people to give on-the-spot directions, and not be negligent or off-guard. We must investigate and affix responsibility on the leaders for losses incurred as a result of such negligence. This is a grim test for the leading cadres at various levels. We must fight well and

win this fierce battle. It will be really serious if the coal mines and power plants get into trouble. We must fully prepare ourselves mentally and materially for combating the big flood.

Lu Rongjing repeatedly emphasized: It is necessary to make a determination and try by all means to harvest the summer grain quickly. We must spare no efforts to collect all the wheat that can be harvested. This must be treated as an order, and not just a request. The crucial moment is before us now. We must mobilize all the forces that can be mobilized, and go all out to help the peasants rush in the harvest. In the face of these difficulties, Huainan City and the Mining Bureau must take the interests of the whole into consideration. We must unite as one and fight well this fierce battle with concerted efforts to deal with this emergency situation.

Anhui Flooding Causes Deaths, Damage

*OW2706045391 Beijing XINHUA in English
0127 GMT 27 Jun 91*

[Text] Hefei, June 27 (XINHUA)—The mid-June floods, the worst in east China's Anhui Province since 1949, have left 116 people dead and 942 injured, and caused economic losses of up to 4.17 billion yuan (about 800 million U.S. dollars).

According to provincial government officials, the floods also damaged over half a million houses and badly affected 2.46 million ha of farmland, destroying about 2.7 billion kg of wheat.

The provincial government has done its best to provide emergency relief, but the burden is too heavy for the local finances, the officials said.

They noted that the provincial government has called for support from all walks of life, while the local farmers are laboring hard to grow more autumn grain so as to make up for the loss caused by the floods.

Anhui Flood Relief Efforts Underway

*HK2706021491 Beijing CHINA DAILY in English
27 Jun 91 p 3*

[By staff reporter]

[Text] The government has granted 15 million yuan in emergency relief funds to East China's Anhui Province which was hit by the year's first flood disaster early this month.

Meanwhile, officials for the Ministry of Civil Affairs told CHINA DAILY yesterday that nearly 30,000 tons of relief goods and materials were being shipped to the province's flood-stricken areas.

According to the latest statistics, at least 116 people were killed, more than 25 percent of the total death toll in several affected provinces along the Huaihe River, and 940 others injured.

The estimated losses during the flood, caused by torrential rains on the Huaihe River, the third largest river in China, has mounted to 4.17 billion yuan as 205,000 houses collapsed, 524,000 were destroyed and hundreds of industry, education, water conservancy and communication facilities damaged.

Nearly 16 million people in the province were affected and more than 4.3 million locals living in the rivers' surrounding regions have been stranded by flood waters.

As a result, about 2.9 million hectares of crop were flooded and the grain output in 85 percent of the afflicted farmland may be down by more than one-third, local officials said, adding that more than 2.7 billion kilograms of summer crops were washed away with the flood waters.

Fortunately, they said, 367,000 homeless people, including the 200,000 locals removed from the flood-diversion areas during the June 15 and 19 flood diverting operation, have been resettled.

At present, rescue operation is being speeded up as the disaster damages are continuing.

Jiang Chunyun at Shandong CPC Exhibit Opening

*SK2606082191 Jinan Shandong People's Radio
Network in Mandarin 2200 GMT 25 Jun 91*

[Text] To mark the 70th anniversary of the founding of the CPC, the provincial exhibition on great achievements in socialist construction and the provincial exhibition on the CPC history formally opened on 25 June at the provincial industrial exhibition hall and the provincial party history exhibition hall respectively.

Jiang Chunyun and Zhao Zhihao cut the ribbon at the opening of the provincial exhibition on great achievements in socialist construction; and (Guo Hongtao), Tan Qilong, and Gao Keting cut the ribbon at the opening of the provincial exhibition on party history.

Gao Changli made speeches at opening ceremonies of the exhibitions. Gao Changli said: Holding the provincial exhibition on great achievements in socialist construction is an important part of the province's activities marking the 70th founding anniversary of the CPC. This exhibition has vividly displayed the splendid achievements scored by various professions and trades as well as various fronts since the founding of New China, especially since the third plenary session of the 11th party Central Committee. What has happened in Shandong and in the whole country proves incontrovertibly that without the Communist Party, there would be no New China, only socialism can save China, and only socialism can develop China.

The provincial exhibition on great achievements in socialist construction consists of eight parts, namely,

general achievements; agriculture; industry and communications and finance and trade; urban and rural construction; openness to the outside world; science and technology; culture, education and public health; and social undertakings.

At the opening ceremony of the provincial exhibition on party history which also opened on 25 June, Gao Changli pointed out: The provincial exhibition on party history has again manifested the ferocious features of reactionary rulers and aggressors who lived a life of wanton extravagance and killed people like flies, the real scene of the miserable lives of the laboring people, the People's Army's heroic image of fighting a bloody battle and dashing ahead regardless of one's safety, and the communists' noble character and sterling integrity of upholding justice and facing death unflinchingly. This exhibition also tells the people with irrefutable facts that how hard-won today's victory is, and how many complications and frustrations the choice of the socialist road has undergone. The provincial exhibition on party history consists of four periods, namely, the period of the founding of the CPC and the great revolution, the period of the agrarian revolutionary war, the period of the war of resistance against Japan, and the period of China's war of liberation.

Attending the opening ceremonies of these two exhibitions were leaders of the provincial party committee, the provincial advisory commission, the provincial discipline inspection commission, the provincial People's Congress Standing Committee, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, the Jinan Military Region, the air force of the Jinan Military Region, the provincial military district, and the provincial armed police forces; members of the Central Advisory Commission and the Central Discipline Inspection Commission who were living in Jinan; veteran comrades of the province; and leaders of pertinent departments, including Li Zhen, Su Yiran, Li Farong, Tan Fude, Wang Runzhai, Zhu Yongshun, Xu Jianchun, Lin Ping, Ma Shizhong, Xu Wenyuan, Zheng Weimin, Su Yingheng, Yan Zhuo, Lin Jigui, Shi Hongrui, Yu Peigao, Ma Changgui, Han Bangju, Qin Hezhen, Chen Lei, Zhang Zhusheng, Wang Baomin, Mu Lin, Wang Weiqun, Wang Jing, Zhou Xingfu, Li Sijing, Tian Haishan, Bai Yanbo, Wang Liang, Liu Yong, Sai Feng, Sun Hanqing, Feng Lijin, and Chen Fengjiu. Also attending were veteran comrades living in the places other than Jinan, including (Yu Yichuan) and (Liu Shaotang).

Shandong Completes Wheat Harvesting

SK2506082891 Jinan Shandong People's Radio
Network in Mandarin 2200 GMT 24 Jun 91

[Summary] As of 23 May, Shandong Province had basically completed wheat harvesting. The total output of the province's more than 62.5 million mu of wheat exceeded 17.5 billion kg, an increase of more than 900 million kg over the bumper harvest of last year, ranking

first in the country for the first time. The per-unit area yield and total output all showed an all-time record.

Shandong Economic, Technical Development Areas

OW2706081991 Beijing XINHUA in English
0634 GMT 27 Jun 91

[Text] Qingdao, June 27 (XINHUA)—The construction of Qingdao and Yantai economic and technological development areas in east China's Shandong Province is gaining momentum.

To date, the two development areas, which were initiated six years ago, have built 670,000 sq m of workshops and residential facilities and approved 295 projects including 95 foreign-funded ones, involving 2.63 billion yuan worth of investment.

Last year, 150 operational enterprises generated a combined industrial output value of 521 million yuan and 83.4 million U.S. dollars worth of foreign exchange earnings from exports.

Xu Shanyi, an official with the Shandong Peninsula Economic Open Areas' Coordinating Office, said that the economic growth of the development areas in the two coastal cities have not only given an impetus to drawing foreign investment, importing technology, expanding exports and economic information flow, but also played a vital role in promoting the export-oriented economy of Shandong Peninsula and the Shandong Province as a whole.

It is reported that the province is planning to designate the two development areas as the province's pilots for reforms and opening to the outside world.

Xu disclosed that the two areas are expected to expand their total areas to 16 sq km from 6 sq km and floor space of various facilities to 3 million sq m from 1 million sq m in the Eighth Five-Year Plan period (1991-95).

In addition, the two areas plan to increase the number of projects to 560 from present 295, with the foreign-funded enterprises growing to 305 with a total investment of 570 million U.S. dollars.

They are also expected to raise their annual industrial output value to 6 billion yuan and foreign exchange earnings from exports to 600 million U.S. dollars.

To the end, Xu said, the relevant departments of Shandong Province will improve the investment environment by simplifying procedures for approval of foreign-funded projects, raising work efficiency, and handling affairs according to international norms.

The two development areas will also shift the focus of their construction to large and medium-sized projects and on the development of land tracts.

In order to promote the market mechanism, the two areas also plan to set up securities, real estate, material exchange, and foreign exchange regulatory markets, Xu said.

Shanghai's Pudong Boosts Chang Jiang Valley

OW2706105691 Beijing XINHUA in English
0733 GMT 27 Jun 91

[“Roundup: Opening of Pudong Area Underlines Broad Prospects for Entire Yangtze Valley”—XINHUA headline]

[Text] Beijing, June 27 (XINHUA)—As work for the opening of the Pudong area in Shanghai intensifies, the provinces and cities along the Yangtze [Chang Jiang] Valley stretching from east into west China have been busy drawing plans to benefit from the major opening step and all hope to make the river valley the country's second largest open area after the coastal area.

As the largest river in China, the Yangtze runs through eight provinces and the Tibet Autonomous Region as well as Shanghai Municipality. Covering a total area of 1.8 million sq km, the Yangtze Valley is rich in natural resources. Besides, the greater part of the valley is populous and economically developed.

Local economists metaphorically described the eastern coastal area as a bow and the Yangtze Valley as an arrow. They said that since the coastal area has become the frontline of opening to the outside world to speed up its economic development, the “bow” has been drawn and the “arrow” is ready to fly.

Professor Jiang Qiwei, a well-known expert on the Yangtze River, noted that since China adopted the policy of opening to the outside world, the coastal area has been seething with activity while the remaining part of the Yangtze Valley has remained still for quite a long period of time.

However, he said, the decision of the Chinese Government to speed up the development and opening of the Pudong area of Shanghai, China's largest city which is located at the mouth of the Yangtze River, has added momentum to the whole Yangtze Valley's development and opening to the outside world.

After the decision to open the Pudong area was announced by Premier Li Peng in Shanghai on April 18 last year, all the eight provinces along the river and the Tibet Autonomous Region immediately went into action. They all sent delegations to discuss with Shanghai how to use the opening of the Pudong area to open themselves wider to the outside world and speed up their own economic development.

Jiangsu Province, which encircles the mouth of the Yangtze River and ranks high among China's provinces, municipalities, and autonomous regions in terms of gross industrial and agricultural output value, decided to set up a city group comprising all of its seven major cities along the Yangtze River to develop an export-oriented economy. The city group consists of Nantong, Suzhou, Wuxi, Changzhou, Yangzhou, Zhenjiang, and Nanjing, the capital of the province.

Anhui Province established an economic development zone covering four cities and three prefectures adjacent to the Yangtze River in order to absorb the radiation from the opening and development of the Pudong area. It also invested 120 million yuan (22 million U.S. dollars) to set up the Yuan Industrial Incorporation in the Pudong area. In addition, the province plans to build a provincial transfer dock and warehouses in the Pudong area to promote its foreign trade.

Jiangxi, Hubei, Sichuan, and the other provinces in the Yangtze Valley have also set up agencies and enterprises in the Pudong area one after another.

Meanwhile, all the provinces in the Yangtze Valley have sped up their infrastructure construction to improve the supply of energy and raw materials, transport and communications, and post and telecommunications so as to accommodate more overseas funds and increase their exports.

On the middle and lower reaches of the Yangtze alone, four big bridges at Jiujiang, Wuhu, Tongling, and Wuhan respectively are under construction or being planned. At the same time, the construction or expansion of harbors and ports on the Yangtze River has also been accelerated.

Overseas investors have shown great interest in the Yangtze Valley. In the first four months of this year, more than 30 overseas-funded enterprises were set up in the Pudong area. Negotiations concerning the establishment of 168 more foreign-funded projects in the area are already underway. The total investment in these projects will amount to as much as 3 billion U.S. dollars.

In the first four months of this year, the Shanghai Municipal Government ratified the establishment of 106 overseas-funded projects, 2.12 times that from the same period last year.

With the development of the Pudong area, many overseas businessmen have gone upstream to invest in the other parts of the Yangtze Valley. An economic development zone covering an area of 0.5 sq km in Wuhu City in Anhui Province alone has attracted overseas investors from eight countries and regions.

More and more economists both from within and outside China believe that China is meeting a new high tide in absorbing overseas funds with the opening and development of the Pudong area. The first and second high tides were met in 1984 and 1988 when the Chinese Government decided respectively to open 14 coastal cities to the outside world and to give priority to the economic development of the coastal areas.

Authoritative economists noted that opening the Yangtze River Valley to the outside world will become an important step to supplement and support the development of the coastal areas. They expressed the belief that the concerted development of the two areas will surely accelerate the economic development of the whole country.

Ge Hongsheng at Zhejiang Oil, Gas Symposium

OW2506224491 Hangzhou ZHEJIANG RIBAO
in Chinese 19 Jun 91 p 1

["Provincial Government Holds Oil and Gas Prospecting Symposium; Zhejiang Has Good Prospects of Finding Oil and Gas Fields"; by ZHEJIANG RIBAO reporter Xiao Minjian (5618 2404 0256)]

[Text] Exciting news has come from the Zhejiang symposium on oil and gas prospecting held in Hangzhou by the provincial government: According to studies by oil and gas prospecting experts in our country, it is quite possible and hopeful to find oil and gas fields in Zhejiang and establish a petroleum industry in the province during the period of the Eighth Five-Year Plan and the next 10 years.

The symposium opened on 17 June. The provincial government invited leaders of the China National Petroleum and Natural Gas Corporation and experts, scholars, engineers, and technicians in our country, numbering nearly 100, to the symposium to discuss oil and gas prospecting plans in Zhejiang. Among those attending the symposium were President Wang Tao, Vice President Qiu Zhongjian, chief geologist Yan Dunshi, and chief economist Zhou Qingzu of the China National Petroleum and Natural Gas Corporation; Tang Ke, former minister of the petroleum industry; Ge Hongsheng, provincial governor; Wang Qidong, vice chairman of the standing committee of the provincial people's congress; Chai Songyue, vice provincial governor; and Zhai Xiwu [5049 5047 2976], chairman of the provincial economic construction advisory commission.

Ge Hongsheng said at the symposium: The leaders, seniors, and experts in oil and gas prospecting in our country have taken a long trip to come to Hangzhou and discuss the work of prospecting for oil and gas in Zhejiang. This is a significant event in Zhejiang's history of oil and gas prospecting and also in the economic life of the province. The convocation of this symposium foretells a new starting point for Zhejiang's oil and gas prospecting work and will be of great practical importance to its economic development. To fully implement the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee, we have proceeded from Zhejiang's reality and decided to make a new change in our economic development strategy. We will focus our economic work during the 1990's on laying a good economic foundation, raising our economic level, paying attention to efficiency, and improving the overall quality of our economy. We hope that through 10 years of efforts, we will be able to greatly improve and bring to a new stage the quality of Zhejiang's economy as well as its economic efficiency, technological level, and management standard. To realize this new change in the economic development strategy of our province, a very important and urgent task calls for promoting the energy industry as well as the raw and semi-finished materials industries so that these basic industries can develop as quickly as

possible. Now, at our invitation, leaders, experts, and scholars of the China National Petroleum and Natural Gas Corporation have come to Hangzhou to discuss plans to prospect for oil and gas in Zhejiang. This means enormous support to help us in our efforts to end the history of no oil and gas in Zhejiang. We must listen earnestly to the opinions of the leaders of the China National Petroleum and Natural Gas Corporation, value highly the proposals given by its experts, and mobilize all forces to quicken the pace of oil and gas prospecting under the overall planning made by this corporation. We must make unremitting efforts to explore and exploit oil and gas resources in Zhejiang.

So far, oil and gas prospecting work in our province has been rather inadequate. Our province is one of the few in the country where oil and gas resources have not yet been discovered. However, according to the results of many years of efforts made by the petroleum prospecting staff and workers, and as can be seen from the current information about our province's resources, there are vast areas where oil and gas prospecting can be conducted. The areas with sedimentary rock total some 40,000 square kilometers. Favorable formations with signs of existence of oil and gas have been found in the four basins of Hangzhou Wan, Ningbo, Jinqi, and Meishan. Addressing the symposium, Wang Tao said that locating oil and gas resources to solve the energy problem in Zhejiang is not only an extremely urgent task of this province, but also a bounden duty of our corporation. He said: During the period of the Eighth Five-Year Plan, we will include Zhejiang's oil and gas prospecting in our corporation's work plan. We will make funds available for this work and give Zhejiang as much technical support as possible. We hope that our efforts will bring about substantial progress in prospecting for oil and gas in Zhejiang and will make a new breakthrough in finding oil and gas fields during the period of the Eighth Five-Year Plan so as to take the no-oil label off the province as soon as possible. The symposium will end on 20 June. During the first two days of the symposium, oil and gas prospecting experts, scholars, engineers, and technicians discussed how to effectively prospect for oil and gas in Zhejiang. They also made practical suggestions on the work direction, steps to be taken, and work methods to be applied.

Central-South Region

Xie Fei Addresses Guangdong Work Meeting

HK2406134091 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 23 Jun 91

[Text] The six-day work meeting held jointly by the provincial party committee and government concluded yesterday. The meeting mainly discussed two questions: 1) Our province must rely on advanced science and technology [S&T] in carrying out economic development in the future; and 2) we must be determined to stop our rapid population growth. The meeting was a complete success.

Yesterday's closing session was presided over by Zhu Senlin, provincial party committee deputy secretary and acting provincial governor.

Xie Fei, provincial party committee secretary, made a summing-up speech in which he said: In promoting S&T advancement, we should first of all emphasize strengthening the concept of S&T. To this end, we should mobilize the whole party, educate the whole people, strengthen the concept of S&T among the broad masses of cadres and people, emancipate our minds, update our concepts, bravely forge ahead, and strive to create a macroclimate favorable to developing economy by dint of advanced S&T.

With regard to family planning work, Xie Fei expressed the following views:

1. To strengthen determination and understanding on the part of leadership;
2. To combine upsurge with regular work;
3. To combine ideological education with problem solution [words indistinct];
4. To provide good services and improve service quality;
5. Principal party, government, and military leaders should personally take charge of family planning work, strictly implement policies of rewards and penalties, and implement a system under which one has one veto throughout the province.

Guangdong's Zhu Senlin on S&T Development

HK2406133891 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 21 Jun 91

[Text] The provincial work conference called another plenary meeting this morning. At the meeting Acting Governor Zhu Senlin stressed that we should work hard to establish a new, dynamic mechanism for developing science and technology [S&T] to accelerate S&T progress province-wide.

He said: This new mechanism will enable enterprises and scientific research institutes to enthusiastically develop S&T and use and spread new S&T achievements on their initiative. With this mechanism in force, enterprises will become the mainstay in promoting S&T progress and take main responsibility for the drive. All levels of governments should encourage and provide guidance for the drive to promote S&T progress. In the past, the work in S&T was too concentrated and too rigidly controlled. This malpractice should be gradually rectified. All governments should create a favorable external environment for the drive by mapping out plans for S&T development, launch pilot projects which serve to demonstrate advanced S&T, and formulate related policies and administrative rules and regulations.

Outlines Birth Control Tasks

HK2406135091 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 21 Jun 91

[Text] At the provincial work conference held this afternoon, Zhu Senlin, deputy secretary of the provincial

party committee and acting governor, stressed: The most senior cadres of all levels of party committees and governments must take personal charge of family planning work and take effective measures to control excessive population growth so we can catch up with other provinces in promoting family planning.

At present, we must accomplish the following tasks.

1. Strengthen leadership over family planning work. The most senior cadres of party committees and governments must take personal charge of and overall responsibility for the work. Secretaries of city and county party committees, mayors, and county magistrates who accomplish plans for controlling population growth for three years on end during their terms of office are to be commended and their wages be risen one step. Those who are to blame for excessive population growth are to be given warning. Those who neglect their duties to a great extent are to be reduced to a lower rank as a punishment.
2. Focus on the key points and really carry out the birth control plans in the countryside and at grass-roots units.
3. Integrate the concentrated blitz with day-to-day painstaking education on family planning.
4. Increase input in the work so that the departments in charge of family planning will have enough materials and funds at their disposal.

The provincial party committee and government have adopted a resolution requiring all levels of governments to every year increase their funds for family planning by at least 20 percent over the base figure of the previous year.

Yu Fei Urges Breakthrough in Enterprise Reform

HK2706023391 Hong Kong WEN WEI PO in Chinese 27 Jun 91 p 2

["Dispatch" by staff reporter: "Yu Fei Urges Discarding New Ossification of Thought"]

[Text] Guangzhou, 26 Jun (WEN WEI PO)—Yu Fei, permanent vice governor of Guangdong Province, today called for breaking through the forbidden areas of thought in order to solve the difficult problem of the poor economic results in large and medium state-owned enterprises.

Yu Fei said this at a Guangdong Customs press briefing about the measures to be adopted for supporting the invigoration of large and medium state-owned enterprises. He said that the external environment was admittedly responsible for the poor economic results of these enterprises, but the crux of the problem still lay in the ossification of thought in some new forms.

Yu Fei described the state-owned enterprises in Guangdong as "the most typical product of the 'big pot' and 'iron rice bowl' systems." He said that breakthroughs must be made in introducing the stock system to state-owned enterprises. For example, workers may be allowed to hold shares with their own enterprises; and the state-owned enterprises may be allowed to have one-third or more of their shares held by individuals. Only when the

enterprises' business results are linked with the immediate interests of individual shareholders will there be mechanisms for self-control and self-development.

He also mentioned the need to change the egalitarian practice in the distribution of income in state-owned enterprises and to establish the system of distribution according to work in real terms. At the same time, he stressed, state-owned enterprises should be allowed to make more use of international capital by availing themselves of foreign governmental loans, foreign export credit, and World Bank loans to carry out technological updating and transformation and to join the competition in international markets.

There are more than 1,000 large and medium state-owned enterprises in Guangdong. Although they account for only 3 percent of the total number of enterprises in the province, the taxes and profits they contribute to the state account for over 60 percent of the government's total revenue.

Drug Trafficking, Use Reported in Guangzhou

HK2706023991 Hong Kong WEN WEI PO
in Chinese 27 Jun 91 p 16

["Special Article" by WEN WEI PO Guangzhou-based correspondent: "International Drug Traffickers Carry Drugs to Hong Kong via Guangzhou"]

[Text] Guangzhou, 26 Jun (WEN WEI PO)—The spread of drugs has become the most serious social ill in Guangzhou City. Hong Kong residents have also been involved in some of the drug cases.

The statistics provided by Deng Guoji, president of the Guangzhou Intermediate People's Court, realistically exposes the degree of harm caused by narcotics in Guangzhou.

From January to May this year, city and district courts in Guangzhou handled 75 cases of drug trafficking and drug sales, which involved 136 people. This is higher than the total number of cases for the entire year of 1990. In particular, big cases involving the trafficking and sale of heroin amounting to tens of thousands of grams are increasing, the biggest haul was high as 134,000 grams.

26 Persons Sentenced to Death.

Since 1991, the Guangzhou court has handed out verdicts on 18 drug trafficking cases, which involved 29 persons; 26 people were given the death sentence. Some 316 drug peddlers were arrested in the city last year, nearly double the number of the previous year. For the first four months of this year, the city has apprehended 641 drug users, but the actual number of drug users is higher than those arrested.

Deng Guoji said: "Based on the drug trafficking cases which have already been solved and dealt with, it can be gathered that our city's drug traffickers have already entered into collusion with their counterparts both in and out of the

territory. Their activities have become increasingly more collective, professional, and international."

The Province's Most Rampant Drug Trafficking Activities.

He maintained that the drug trafficking activities in Guangzhou is the most serious in the entire province, as the city has become one of the important routes for international drug trafficking activities.

Guangzhou's drug traffickers Yu Yongqiang, Yang Quansheng, and Peng Songhua had attempted to transport 2,725 grams of heroin from Ruili County and other places in Yunnan Province via Guangzhou and Shenzhen for sale to drug traffickers in Hong Kong. They even purchased illegal guns and ammunition in Kunming and Guangzhou (16 handguns and 125 rounds of bullets). The three have already been given stiff sentences by the court.

Drug trafficker Bao Shizhen, from Qinghai, took part in 10 drug deals from April to November in 1989 and sold 25.6 kg of heroin and 15 kg of opium. He, along with Ma Nunu and Ma Lianghai of Gansu and Wang Xinming of Guangzhou, has been convicted and will be executed tomorrow.

Direct Harm to Social Security.

The spread of drug use and trafficking activities directly jeopardizes Guangzhou's social security and order. The rise in the number of criminal cases, notably those involving heinous crimes, may be attributed in no small part to the use and trafficking of drugs.

Because "drug addicts" have to support their habits, they often take chances to "raise money" to buy drugs, such as through theft and robbery. For instance, a Hong Kong youth named Liao was sent by his family to Guangzhou for drug rehabilitation; but he continued to take drugs and was even penalized by the public security department. Later, hoping to get money to buy drugs, Liao and his cohorts robbed the Southeast Hotel in Guangzhou where they took 25,000 yuan and 2,000 HK [Hong Kong] dollars from a victim.

Seven Drug Traffickers To Be Executed Today.

Deng Guoji called on the residents of Guangzhou to join in the fight against drug trafficking and drug use and check the momentum of its growth. Tomorrow, seven drug traffickers will be executed as a show of Guangzhou's determination to ban drugs and rid this evil.

Guangdong's Daya Bay Project Proceeds Smoothly

OW2506154491 Beijing XINHUA in English
0731 GMT 25 Jun 91

[Text] Shenzhen, June 25 (XINHUA)—The construction of the Daya Bay nuclear power station in Guangdong is proceeding smoothly, according to informed sources here.

The Daya Bay power station, China's largest nuclear power project, will cost four billion U.S. dollars. Its two units will have a combined generating capacity of 1.8 million kw. They are scheduled to be operational at the end of 1992 and in July of 1993, respectively, the sources said.

Construction of the 4,000-kilowatt transmission line connecting the power station to a transformer substation in Hong Kong has been completed and tested. It is expected to be put into operation in July.

In addition, almost all of the station's workshops are near completion. The two generating units will soon be in position, and the installation of the pipe and cable lines is currently underway.

From April 1989, 115 technical workers in charge of operation of the nuclear power station have been trained in France. The power station has also adopted total quality control in installation, testing and preparation for the official operation.

Guangxi Collects Public Social Welfare Funds

HK2606024391 Nanning Guangxi People's Radio Network in Mandarin 1030 GMT 23 Jun 91

[Text] A regional meeting to commend those who have made contributions in raising funds for social welfare by selling raffle tickets was held in Nanning this morning. A total of 26 advanced units including leading groups for the work in Bose Prefecture and other localities and 200 advanced individuals including (Feng Jinhua) were commended.

This region achieved gratifying results in soliciting contributions toward social welfare funds by selling raffle tickets last year. Raffle tickets worth 52.38 million yuan were put on sale across the region and most of them, worth 45.37 million yuan, were sold entitling Guangxi to rank second—only after Guangdong—among other provinces and regions across the country.

The social welfare funds collected region-wide amounted to 14.49 million yuan, outstripping the total of the social welfare funds appropriated by the state over the last two years. This has played an important role in promoting welfare projects in urban and rural areas across the region and easing the strain on the welfare funds.

Hainan's Deng Hongxun at Commendation Meeting

HK2406142991 Haikou Hainan People's Radio Network in Mandarin 1100 GMT 20 Jun 91

[Summary from poor reception] The provincial conference to commend advanced units and individuals in building old liberated areas opened in Haikou yesterday. Provincial party committee Secretary Deng Hongxun addressed the conference, stressing the political significance of the building of old liberated areas. The delegates to the conference issued written proposals to the people in the old liberated areas across the province.

Helps Drain Fields

HK2706074591 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 25 Jun 91

[Excerpts] Yesterday morning [25 June], provincial party Secretary Deng Hongxun, provincial Governor Liu Jianfeng, and more than 2,000 party-member cadres and the Communist Youth League (CYL) members from 49 departments and bureaus directly under the provincial government, and Haikou city went to (Guoyang) village of (Rongshan) township in Haikou city to take part in voluntary labor of draining fields in (Guoyang). [passage omitted]

Due to an unbroken spell of wet weather over the past few days, (Guoyang's) main fields were muddy. Once party-members and CYL members from government organs arrived at the work sites, they rolled up their trouser legs and worked barefooted in the muddy fields. They shouldered heavy loads and scooped out earth with their hands. They were truly full of vigor. More than 100 bright-colored party and CYL banners fluttered in the breeze. [passage omitted]

Li Changchun Addresses Henan Government Plenum

HK2606025591 Zhengzhou Henan People's Radio Network in Mandarin 2200 GMT 24 Jun 91

[Excerpts] The provincial government held its second plenary meeting in Zhengzhou yesterday. The meeting evaluated the political work in the previous stage, analyzed and exchanged information on the present situation throughout the province, and forwarded work plans for the next stage.

Vice Governor Hu Xiaoyun chaired meeting. Governor Li Changchun made an important speech. He said: Over the last few months, industrial production [words indistinct]; [words indistinct]; construction of water conservancy works [words indistinct]; fairly big progress has been made in opening to the outside world; there has been a continued increase in savings deposits in the banks and loans granted by the banks; the market has become brisk; and political and social stability has prevailed.

While fully reaffirming the above achievements, Li Changchun said: However, the government failed to exercise effective leadership in some fields. Many economic problems remain unsolved and our work style also leaves much to be desired. [passage indistinct] We must take effective measures to revitalize enterprises, promote industrial production, and raise economic efficiency. Specifically, we must pay attention to the following:

[Words indistinct] Study and define the mandatory plans, expand the enterprise's authority for [words indistinct], readjust the irrational product [words indistinct], keep a firm grip on technological upgrading, readjust product mix, make sure funds are available for capital construction projects, [words indistinct], improve production management, enliven the market and circulation to promote sales, continue to implement the open policy, promote export trade and introduce foreign funds and

advanced technology in a big way, deepen enterprise reform, deepen economic restructuring with a view to revitalizing enterprises, etc. [passage omitted]

Hubei's Guan Guangfu Attends Film on Mao Zedong

HK2206075491 Wuhan Hubei People's Radio Network
in Mandarin 2200 GMT 17 Jun 91

[Text] Yesterday evening [17 June] the film "Creation of the World," the first film depicting the founding of the CPC 70 years ago, and the film "Mao Zedong and His Son," a film describing a great man's inner world, had their premieres at (Gucheng), Jingzhou.

Provincial party committee Secretary Guan Guangfu, Deputy Secretary Qian Yunlu, et al watched the films.

After the premieres, Guan Guangfu and Qian Yunlu gave their impressions. Guan Guangfu said: The two films "Creation of the World" and "Mao Zedong and His Son" reproduced on the screen the founding of the CPC and the great man's inner world, eloquently explained that the founding of the CPC and its leading position is a historical inevitable choice made by the Chinese people. For every one of us, the broad masses of teenagers in particular, the films are wonderful and typical teaching materials for understanding the history and building firm faith in party leadership and socialism.

Qian Yunlu called on all levels of information departments to conscientiously popularize the films. All levels of departments in charge of releasing and showing films should make meticulous arrangements for the showing of the films. All types of schools and all levels of the Communist Youth Leagues should organize youngsters to watch the two films, bringing the educational role of the films into full play.

The two films, which were designed to greet the 70th founding anniversary of the CPC, are due to be shown publicly before 1 July across the province.

Views Rural Ideological Education

HK2706015391 Wuhan Hubei People's Radio Network
in Mandarin 1130 GMT 24 Jun 91

[Excerpt] At the provincial meeting on socialist ideological education in rural areas held by the provincial party committee, provincial party committee Secretary Guan Guangfu made an important speech entitled: Deepen Socialist Ideological Education in Rural Areas To Comprehensively Promote Construction of a New Socialist Countryside.

Comrade Guan Guangfu said: The most important tasks facing rural cadres at present are: to consolidate and further promote the prevailing excellent situation there, raise the peasants' socialist consciousness in line with the spirit of the Seventh Plenary Session of the 13th CPC Central Committee and plans worked out by the provincial party committee to bring into play their socialist enthusiasm for production, deepen rural reforms, and

comprehensively carry out the party's policies toward rural areas to accelerate economic and social development in rural areas, thus turning the magnificent blueprint into reality. At the same time, we should be aware of the fact that of China's 1.1 billion people, 800 million are peasants. Therefore, we must consolidate the socialist ideological position in rural areas. This is of vital strategic importance to overall stability and development, to our efforts to combat peaceful evolution, and to our adherence to the socialist road. The provincial party committee maintains that we must always bear in mind the background against which we conduct socialist ideological education as well as the tasks the education is supposed to carry out. We must comprehensively promote material, cultural, and ideological progress in rural areas so as to lay a sound foundation for consolidating the socialist ideological position in rural areas, for attaining the second-step strategic goal, and for building a new socialist countryside. We must think in compliance with the central directives on carrying out socialist ideological education in rural areas, persistently regard ideological education as the key link and the economic construction as the central task, and focus on strengthening basic-level units. This is the basic guarantee for making the ideological education successful. All levels of party committees, particularly at the county level and above, must take the overall situation into account and set high demands on themselves in a bid to achieve fruitful results in this work.

Guan Guangfu's speech touched on five topics.

1. We need to adhere to the socialist road and deepen rural reforms.

He said: In conducting socialist ideological education, we must not lose sight of actual conditions in rural areas. It is necessary to help the broad ranks of rural cadres and the masses gain a clear understanding of the basic problems relating to adherence to the socialist road. It is essential to handle the relationships between allowing some people to prosper earlier than others and our efforts to lead the masses to move toward common prosperity. We must always persist in implementing the policy of making the whole community prosper. We must also properly handle the relationships between unified collective and farmer household operations and establish and improve the dual management system characterized by unity and separation. We must properly handle the relationship between the planned economy and market regulation to further enliven the rural economy. In handling the relationships mentioned above, we will abide by the principle of overall planning and consideration of the interests of the state, collectives, and individuals. We must correctly handle the relationship between material progress and cultural and ideological progress and work hard to build materially, culturally, and ideologically advanced villages.

2. We need to formulate development plans in line with actual conditions and mobilize and organize peasants to

develop a socialist commodity economy so as to advance toward a fairly comfortable standard of living.

Guan Guangfu said: We have to formulate a specific and detailed plan to achieve small-scale prosperity so that the masses will have a tangible objective in mind, which in their eyes will be attained through arduous efforts. We have to define ways and measures to achieve small-scale prosperity. The basic ideological guidance laid down by the provincial party committee is: Make unflinching efforts to strengthen agriculture, which is the foundation of the national economy; preserve advantages in grain and cotton production; vigorously invigorate agriculture through application of science and technology; and develop the range and quality of agricultural production. Efforts must be made to comprehensively develop the rural economy to increase the peasants' income.

3. We must strengthen democracy and the legal system in rural grass-roots units. We must rely on peasants to exercise democratic management under party leadership.

Guan Guangfu said: We must respect peasants' democratic rights and continue and improve self-government among rural residents. We should give full play to democracy in management of economy. The peasants' decisionmaking power over household operations must be respected. Economic associations [jing lian she 4842 5114 4357] and enterprises should be run and money matters managed in a democratic way. It is necessary to rely upon peasants to promote cultural progress in rural areas.

4. In rural areas, we must organizationally strengthen grass-roots units with the party branch as the nucleus, give scope to the village party branch as the leading core and fighting fortress, and bring into play party members' exemplary vanguard role.

Guan Guangfu said: To strengthen party building, we must solve the problem of whether the party can represent and lead the masses. It is necessary to improve education on the party's purpose of serving the people heart and soul by centering on the party's basic line. The leading body's composition is of great importance. We must do a good job selecting party branch secretaries. Those outstanding cadres who are politically reliable, impartial, competent, and enjoy popular support should be admitted to the leading body. The rural party organizations' work style must be constantly improved by educating party members to be pragmatic in words and deeds.

5. All levels of party committees and governments must strengthen leadership over rural work. All levels of departments and offices must enhance their awareness of the need to serve rural areas and vigorously help build a new socialist countryside.

Guan Guangfu said: It is necessary to truly strengthen leadership over rural work. All levels of leading organs and departments must always bear in mind the party's purpose of serving the people heart and soul, improve their work style, and do good and solid things for the peasants.

To conduct socialist ideological education in rural areas and carry on rural work satisfactorily, all localities should send outstanding young cadres to work in the countryside to strengthen leadership line-ups at the grass roots. [passage omitted]

Hubei Issues Regulations on Overseas Investment

OW2606093791 Beijing XINHUA in English
0730 GMT 26 Jun 91

[Text] Wuhan, June 26 (XINHUA)—The Hubei Provincial Government has issued new regulations on overseas investment in local enterprises in a bid to improve the investment environment and promote the development of the economy of central China's Hubei Province.

The regulations consist of 85 articles which covers ratification of the projects, the use of land, taxes, and material supplies.

A local official said that, besides following the country's preferential policy for joint ventures, the new regulations formulated by Hubei also simplify the procedures of ratifying the new projects, reducing or exempting local income taxes and providing preferential policies as regards personnel for the joint ventures.

According to the new regulations, the ratification of new projects in Hubei Province should take no more than 30 days.

The official said that charges for the use of land will be exempted for overseas Chinese and compatriots from Hong Kong, Macao, and Taiwan when they invest in running export-oriented enterprises and enterprises with advanced technology, or they invest in renovating existing enterprises in the province.

Hubei Seeks Rural Prosperity Through Technology

HK2406140991 Wuhan Hubei People's Radio Network
in Mandarin 1130 GMT 21 Jun 91

[Text] Huge system engineering listed in our province's 10-year Program and Eighth Five-year Plan, namely, the work of training vanguards responsible for seeking prosperity through S&T in each and every household, will soon be unfolded on an overall scale under the leadership of the provincial government.

This system engineering initiated by the provincial party committee and government is aimed at improving the quality of peasants and enabling peasants across the province to seek common prosperity. This huge system engineering provides a blueprint for increasing our province's per capita income from the present 600 yuan to more than 800 yuan over the next five years.

Leaders of the provincial government gathered in Wuchang from 18-20 June with the responsible comrades of various prefectures, cities, autonomous prefectures, leaders of relevant departments directly under the

provincial authorities, and leaders of various mass organizations, to make detailed arrangements for unfolding this system engineering, which will bring benefit to the people. As a result, they formulated the following four requirements for the vanguards responsible for seeking prosperity through S&T in each and every household:

1. To adhere to the socialist road;
2. To observe the law and disciplines;
3. To have received certain education;
4. To be skillful in applying conventional farming techniques, have mastered one or two applied technologies useful in developing local resources, and able to increase one's household per capita income by 50 yuan every year.

Han Nanpeng, vice provincial governor, stressed: Training vanguards responsible for seeking prosperity through S&T in each and every household is an important strategic measure adopted by the provincial party committee and government to invigorate the rural economy and bring about fundamental changes in rural areas. Governments at all levels as well as all departments concerned must concentrate efforts, strengthen leadership, and carry out work in an organized and planned way under the unified arrangements and leadership of the provincial government. In order to ensure the smooth implementation of this system engineering and achieve the desired results, the provincial government has decided to carry out experiments in 90 townships and towns first, take successfully training vanguards responsible for seeking prosperity through S&T in rural areas as a criterion for appraising the performances of governments, departments concerned, and leaders at all levels, and implement a series of preferential policies to attract S&T personnel from schools, laboratories, and state organs to the rural areas, to make their contributions to training the vanguards responsible for seeking prosperity through S&T.

Xiong Qingquan Stresses Decreasing Party Formalism

HK2406133491 Changsha Hunan People's Radio Network in Mandarin 2200 GMT 20 Jun 91

[Text] At the meeting for principal leaders of departments under the provincial government held yesterday [20 June], provincial party committee Secretary Xiong Qingquan stressed that guarding against empty talk and doing solid jobs should become a common practice in society so the party's line, principles, and policies and all tasks will be carried out, thus ensuring the realization of Hunan's 10-Year Program and Eighth Five-Year Plan.

Comrade Xiong Qingquan pointed out: Formalism is an outstanding expression of the existing defective party style. At present, formalism mainly finds expression in the following ways: Too many meetings with each level competing with the higher one in increasing the number of meetings; too many documents with each level passing on the copies to the lower one mechanically; too many social activities with some people being specially interested in seeing off who depart and welcoming those who arrive; provisional setups stand in great numbers;

leading cadres hold too many posts at the same time; some people are eager for quick success and instant benefit; and so on.

He continued: Ideologically, some cadres are not fully prepared to seek truth from facts and serve the people heart and soul. Others, however, are not prepared to immerse themselves in hard work. In addition, many malpractices are found in our administrative structure, such as overstaffing; different policies on the same issue; and buck-passing, creating conditions for formalism.

To overcome formalism, we must keep an effective grip on the following.

1. Organs under the provincial government must take a lead in rectifying incorrect work style.
2. We must make up our minds to reduce meetings and documents to the minimum and simplify reports on meetings.
3. Before the central authorities make an overall plan for reorganizing government offices, the existing establishment for them should be kept unchanged. Duplicated offices should be merged without hesitation given necessary conditions. It is necessary to screen and close some nonstanding bodies. We should adopt policies to encourage and organize office workers to work in the forefront of production.
4. Efforts should be made to improve ways to check on cadres and build a mechanism by which cadres will become pragmatic.

The meeting was presided over by Sun Wensheng, deputy secretary of the provincial party committee. Shen Ruiting, member of the provincial party committee standing committee and secretary general of the provincial party committee also addressed the meeting.

Attends Vehicle Exhibition

HK2406134491 Changsha Hunan People's Radio Network in Mandarin 2200 GMT 21 Jun 91

[Text] Yesterday morning [21 June], provincial party and government leaders, including Xiong Qingquan, Chen Bangzhu, Sun Wensheng, Liu Fusheng, Liu Zheng, Dong Zhiwen, (Shi Tianshan), Yu Haichao, Wang Xiaofeng, (Zhou Zheng), and others, arrived at the Hunan Hotel where they observed with great interest the Exhibition of Type-6450 Light Vehicle Series, which had been developed jointly by the Hunan Automobile Manufacturing Plant and five other enterprises.

Xiong Qingquan, Chen Bangzhu, Sun Wensheng, and other comrades also rode in two new vehicles to the provincial party committee's courtyard and then back to the exhibition hall.

After stepping down from the vehicle, Comrade Xiong Qingquan gladly said to (Xia Deji), provincial mechanical industry department director: This type of vehicle has good prospects and should be produced in bulk. We should strongly support its production.

Comrades Chen Bangzhu, Dong Zhiwen, and others also said with gestures: It is time for Hunan's automobile industry to make a fist and embark on joint operation. The scattered production should come to an end. The orientation of joint operation is correct. We should work hard and raise Hunan's automobile industry to a new level within the next three to five years.

Attends Lecture on Rice

HK2706041191 Changsha Hunan People's Radio
Network in Mandarin 2200 GMT 23 Jun 91

[Excerpts] Yesterday afternoon [23 June], (Yan Nongping), China's famous agroscientist and the world's father of hybrid rice, gave a strategic course on rice crossbreeding to all students attending a provincial class for propaganda department heads. In the course of the lecture, provincial party committee Secretary Xiong Qingquan, who sat in the front row, often raised questions and (Yan Nongping) answered immediately. [passage omitted]

On the afternoon of the day before yesterday, Professor (Liu Yun), from Hunan Teachers' University, gave a lecture on the development in biological technology and its role in economic construction.

Yesterday morning, Professor (Wang Hao), from the University of Defense Science and Technology, told the students about his understanding of the argument that science and technology constitute a primary productive force [passage omitted]

Hunan Study Class Lauds Deng's Views on S&T

HK2606042791 Changsha Hunan People's Radio
Network in Mandarin 2200 GMT 24 Jun 91

[Text] At a provincial study class for directors of propaganda departments which concluded yesterday [24 June], participating comrades unanimously held that Comrade Deng Xiaoping's inference that science and technology [S&T] is the number one productive force has enriched and developed Marxist theories on S&T and productive forces, and that it is of great theoretical and practical significance to strengthening the concept of S&T of the entire people and building socialism with Chinese characteristics. Relying on S&T progress to enhance the quality of our laborers is a reliable guarantee for successfully fulfilling our second-step strategic objective.

The theme of the four-day study class was to study and comprehend Comrade Deng Xiaoping's inference that S&T is the number one productive force, and General Secretary Comrade Jiang Zemin's important speech. The study class discussed and studied the issues of giving more publicity to S&T and enhancing the concept on S&T of the entire people, so that S&T will serve socialist modernizations in a better way. We should promote the work of invigorating Hunan by relying on S&T, and create a good social and media environment for fulfilling the second-step strategic objective.

Provincial party leaders Xiong Qingquan, Chen Bangzhu, Sun Wensheng, and Yang Zhengwu were among the first to listen to lectures given by S&T experts (Yan Longting), (Liu Yun), (Wang Hao), and others. Provincial party deputy secretary Comrade Yang Zhengwu put forth specific requirements on strengthening the concept of S&T for the entire people. He said: To strengthen the concept of S&T of the people, we should truly understand the primary and essential role of S&T in contemporary social and economic development. We should conscientiously assign S&T a key position in economic and social development. In the meantime, we should have more ideas on turning S&T achievements into our work. We should fully understand the great significance of the call of the CPC Central Committee for bringing our economic construction onto the track of relying on S&T progress and enhancing the quality of our laborers, so that S&T will be turned into practical productive forces as early as possible.

Comrade Yang Zhengwu continued: To enhance the concept of S&T of the entire people, we should conscientiously solve the following problems:

1. We should fully understand the great role of enhancing the concept of S&T of the entire people in promoting S&T progress.
2. We should solidly establish correct values of S&T.
3. We should actively promote the practice of S&T.
4. We should set requirements for different levels.

In his speech, Comrade Yang Zhengwu stressed that we should continue to do well in giving publicity to S&T. Various localities and departments should proceed from their actual conditions to formulate their general plans for strengthening and improving the work of giving publicity to S&T, and make efforts to implement their plans. The work of giving publicity to S&T should be carried out in villages, households, workshops, and groups.

(Tao Min), director of provincial commission for S&T, and (Ouyang Qing), vice chairman of the provincial Association of Science and Technology, and (Liu Shiping), deputy director of the propaganda department under the provincial CPC committee delivered speeches on special topics at the study class.

At the end of the study class, (Zhou Keqing), director of the propaganda department under the provincial CPC committee, briefly summed up the situation of propaganda work in our province during the first half of the year, and made further arrangements for propaganda work in the second half of the year.

Hunan People's Congress Standing Committee Meets

HK2606064191 Changsha Hunan People's Radio
Network in Mandarin 2200 GMT 24 Jun 91

[Excerpts] The 23d meeting of the seventh provincial people's congress standing committee ended in Changsha yesterday afternoon. Vice Chairman Huang Daoqi presided over yesterday's plenary meeting. [passage omitted]

In accordance with Governor Chen Bangzhu's proposal, the meeting decided to remove (Huang Geying) from his post as director of the Hunan Provincial Financial Department, and appoint (Zhang Ruifu) as its new director; and remove Zhao Ti from his post as director of the provincial Civil Affairs Department, and appoint (Xu Yuesong) as its new director.

In accordance with the proposal of Zhan Guchu, president of the provincial Higher People's Court, and Qi Zhenying, chief procurator of the provincial People's Procuratorate, the meeting decided to appoint and remove 35 judges and procurators.

Liu Fusheng, chairman of the provincial people's congress standing committee; Li Tiangeng, Lou Qiuyue, Xie Xinying, Cao Wenju, Liu Yue, and (Pan Jizhi), vice chairmen of the provincial people's congress standing committee; and others attended the meeting. Vice Provincial Governor Wang Xiaofeng and others attended the meeting as nonvoting delegates.

Hunan Drug Traffickers Sentenced to Death

HK2606105591 *Changsha Hunan People's Radio Network in Mandarin 2200 GMT 24 Jun 91*

[Text] Yesterday [24 June], Changsha City Intermediate People's Court opened a court session to openly try a very serious drug case. At the first trial, five principal criminals were respectively sentenced to death, or condemned to death with the sentence suspended, whereas three accessory criminals were sentenced to set term of imprisonment.

Through investigation and debate, the court affirmed that from April to December 1990 the defendants (Ma Zhi), (Feng Chuhua), (Zhou Hongsen), and others illegally procured 6,244 grams of heroin from Burma. More than 1,000 grams of the heroin were sold at high prices with profits of more than 80,000 yuan. The remaining more than 5,000 grams of heroin were confiscated by the public security organ.

Mao Zedong's Hometown in Hunan Becomes City

OW2606100291 *Beijing XINHUA in English 0753 GMT 26 Jun 91*

[Text] Changsha, June 26 (XINHUA)—Shaoshan, hometown of late Chairman Mao Zedong, has become the newest city in China with approval of the Hunan Provincial Government Tuesday.

Mao Shiwen, the first mayor of the newly established city, said at a celebration ceremony that its establishment as a city may help to speed up the construction of Shaoshan and make it better known both within and outside China.

He urged the citizens of Shaoshan to make efforts to beautify Shaoshan, a site of revolutionary and scenic interest.

Mao Anqing and Shao Hua, son and daughter-in-law, respectively, of the late chairman, sent a telegram to congratulate Shaoshan on its promotion.

Southwest Region

Yang Rudai Praises Sichuan Radio Station

HK2006134591 *Chengdu Sichuan People's Radio Network in Mandarin 2200 GMT 17 Jun 91*

[Text] On 15 June, Yang Rudai, provincial party committee secretary, went to visit the Wuma township radio station in Langzhong County where he fully affirmed and spoke highly of the road taken by Wuma township as well as the Wuma spirit. He also wrote the following inscription for the Wuma radio station: Develop the Wuma Spirit, Make Selfless Contributions, and Serve the People.

After listening to a detailed report made by (Liao Maosheng), director of the Wuma radio station, Yang Rudai was shown around the station's broadcasting room and was briefed on the station's modernization program. Yang said: It is indeed not easy for the station to have scored so many achievements. Now with better conditions, the station has stopped collecting money from the peasants and is more enthusiastic in carrying out propaganda and serving the people. This spirit should be commended. The Wuma spirit of working hard, making selfless contributions, and serving the people heart and soul should be popularized among all trades and professions. Yang Rudai called on the Langzhong County party committee and the Langzhong county government to set off a greater upsurge of learning from Wuma so as to further develop the Wuma spirit.

Gyaincain Norbu at Tibet Armed Police Meeting

OW2606024691 *Lhasa Tibet Television Network in Mandarin 1200 GMT 24 Jun 91*

[From the "Tibet News" program]

[Text] On the afternoon of 21 June, the Tibet Regional People's Armed Police Corps held a meeting to commend advanced collectives and individuals, in celebration of the 40th anniversary of Tibet's peaceful liberation. Raidi, deputy secretary of the autonomous regional party committee; Gyaincain Norbu, chairman of the autonomous regional people's government; Zi Cheng, member of the autonomous regional party committee standing committee; and Baima Duoqi, director of the public security bureau, attended the meeting to extend their congratulations. Leaders of the autonomous region, the public security bureau, and the regional armed police corps, presented medals and certificates of merit to the commended collectives and individuals. [Video shows packed conference hall with several people seated at a long table at the rostrum, then shows close-ups of Gyaincain Norbu and an officer speaking from the rostrum]

On behalf of the autonomous regional party committee and the regional people's government, Chairman Gyaincain Norbu extended warm congratulations to the commended collectives and individuals. The party committee of the regional people's armed police corps called on the entire armed police force to learn from the commended collectives and individuals, emulate their strict adherence to discipline, devotion to their duties, down-to-earth style of work, their indefatigable and remitting fighting spirit, and to strive to uplift their own capability to shoulder military and political responsibilities, and make due contributions to Tibet's public security and economic prosperity.

At Discipline Inspection Meeting

OW2606135991 Lhasa Tibet Television Network in Mandarin 1200 GMT 25 Jun 91

[From the "Tibet News" program]

[Text] The regional discipline inspection work conference opened in Lhasa on the afternoon of 25 June. Raidi, executive deputy secretary of the regional party committee; Gyaincain Norbu, deputy secretary of the regional party committee and chairman of the regional people's government; Basang, deputy secretary of the regional party committee and secretary of its discipline inspection commission; Chen Hanchang, Standing Committee member and secretary general of the regional party committee; (Feng Jun), Standing Committee member of the regional party committee and deputy director of its organization department; and Cao Xu, leader of the regional advisory commission, attended the conference. [video opens with pan shot of conference hall, cutting to medium shots of leaders as the announcer reads their names]

Some 200 people, comprising secretaries of discipline inspection commissions of prefectures, cities, and counties, and leaders of discipline inspection commissions of units directing under the central authority, attended the conference. [video shows delegates reading documents and listening attentively to speeches]

The central topics on the agenda of the current discipline inspection work conference are: To implement the guidelines of the national discipline inspection work conference; to arrive at a consensus; to clearly define the tasks; to seriously analyze and properly understand the situation on party style and efforts to build a clean government in the light of realities in Tibet; and to study and work out the plan for a certain period ahead on how to successfully deal with discipline and inspection work and to improve party style and incorruptibility by revolving around the party's basic line in order to ensure the smooth execution of Tibet's 10-year program for economic and social development and the Eighth Five-Year Plan.

At the conference's opening, (Wang Chongliang), deputy secretary of the regional discipline inspection commission; and (Suolang Jianding), Standing Committee

member of the regional discipline inspection commission, respectively, relayed the guidelines of the national discipline inspection work conference and the speech by Comrade Qiao Shi at the national discipline inspection work conference.

Tibet Decision on Compulsory Education

OW2306211291 Lhasa Tibet Television Network in Mandarin 1200 GMT 22 Jun 91

[Text of Decision of the Tibet Autonomous Regional People's Congress Standing Committee on Inspecting the Implementation of the PRC Compulsory Education Law in Tibet; adopted by the 15th Session of the Fifth Tibet Regional People's Congress Standing Committee on 20 June 1991"; from the "Tibet News" program]

[Text] The 15th Session of the Tibet Regional People's Congress Standing Committee has decided to inspect the way the PRC Compulsory Education Law has been implemented in various parts of Tibet. The decision was made on the basis of the decision made by the meeting of chairman and vice chairmen of the National People's Congress [NPC] Standing Committee about inspecting the implementation of the PRC Compulsory Education Law; the instructions in the circular issued by the NPC Education, Science, Culture and Public Health Committee and the NPC General Office about inspecting the implementation of the PRC Compulsory Education Law; and the directive of the Tibet Regional Party Committee.

1. The inspection is meant to promote people's understanding of the significance and purpose of publicizing and implementing the Compulsory Education Law.

This is the fifth year since the PRC Compulsory Education Law was promulgated, and the first year of implementing the 10-Year Program and the Eighth Five-Year Plan. One important task confronting the people throughout Tibet is to continue to publicize and implement the Compulsory Education Law, promote the nine-year compulsory education system, improve the quality of education, and heighten the entire nation's political awareness, moral sense, and proficiency in science and general knowledge. Accomplishing this task is of great practical and far-reaching historical significance for achieving the 10-Year Program and the Eighth Five-Year Plan and achieving steady and coordinated economic development in Tibet. The basic education in Tibet today is still weak—only 54.5 percent of school-age children are enrolled in schools, and the people's proficiency in science and general knowledge remains low. Under such circumstances, it is essential for us to make greater efforts to study, publicize, and implement the Compulsory Education Law. Standing committees of people's congresses and people's governments at all levels in Tibet must therefore organize vast numbers of cadres and teachers to study the Compulsory Education Law and widely publicize the law among the people so that vast numbers of cadres and teachers will fully understand the law and its requirements, and so that the

people will understand that sending their children to schools to study is society's responsibility and their obligation. In accordance with their actual situations, governments at all levels must firmly implement all the instructions in the law.

2. The inspection must underscore the main requirements.

In accordance with the decision of the meeting of chairmen and vice chairmen of the NPC Standing Committee and the requirements set forth by the NPC Science, Education, Culture, and Public Health Committee; and in conjunction with Tibet's actual situation, the inspection should stress the following aspects to see how the law has been firmly enforced:

First, in view of the fact that compulsory education has yet to be promoted in all parts of Tibet, the inspection should focus on educating people about the law, and on popularizing compulsory primary education. Meanwhile, we must also study the formulation of a plan by which the nine-year compulsory education system can be implemented by stages during the next decade.

Secondly, we must see to it that the correct educational guidelines and the state's educational policy, which gives top priority to moral education, are followed in the training of politically qualified and professionally competent successors to the revolutionary cause.

Third, we must see to it that there are better programs by which people are trained to become politically and professionally qualified teachers, and that the teachers' working and living conditions have been improved so they teach with greater enthusiasm and the contingents of teachers are stabilized.

Fourth, we must see to it that there are measures to increase and consolidate the enrollment of school-age children, help more pupils pass the acceptability test, and stop pupils from dropping out of schools to become juvenile workers or traders.

Fifth, we must make sure that educational budgets are increased in two areas: the budgets earmarked by the government for compulsory education should increase at a higher rate than the growth of regular government incomes; and the average amount of educational spending based on the number of students enrolled in schools should keep increasing.

Sixth, we must make sure that the administrative system has been restructured and improved in such a manner that the responsibilities of administering schools are shared by departments at various levels.

Seventh, we must check to make sure that attention has been devoted to the development of special education for handicapped children.

3. Inspection measures and methods.

The inspection will be carried out in three stages. First, efforts should be made to publicize the Compulsory

Education Law. This should be the top priority throughout the inspection. Second, all prefectures and cities should organize their personnel to conduct self-inspection, sum up inspection results, and report them in written form to the Regional People's Congress Standing Committee and the Regional Leading Group in Charge of the Inspection of the Implementation of the Compulsory Education Law. Third, this regional leading group should organize inspection groups to sample the work in some prefectures and cities on a selective basis. The schedule of these stages should be determined by the regional leading group in charge of the inspection.

4. Efforts should be made to sum up the inspection results.

The inspection must be thoroughly and meticulously accomplished. Exemplary people and deeds discovered during the inspection must be promptly commended. Good experiences should be summed up and popularized. Problems that have been discovered must be seriously studied, and solutions based on Tibet's actual situation should be presented. Meanwhile, there should be a general and comprehensive summary of the inspection so that the state can be informed of the findings.

5. The organizational leadership must be strengthened.

The inspection must be organized by standing committees of people's congresses and governments at various levels under the leadership of party committees. All relevant authorities must provide active and coordinated support. The regional leading group in charge of the inspection is made up of responsible comrades of the Regional Party Committee, the Regional People's Congress Standing Committee, the Regional People's Government, and the Regional Committee of the Chinese People's Political Consultative Conference, as well as their relevant departments. The leading group will be in charge of the organization of the inspection. An office is set up under this leading group. Members of this office who handle day-to-day affairs are personnel selected from the offices of the Regional People's Government; the Education, Science, Culture, and Public Health Committee under the Regional People's Congress; and the Regional Commission for Scientific and Educational Affairs. Corresponding organs should also be set up in various prefectures and cities to take charge of the local inspection.

Article Discusses Tibet, Human Rights

HK2006014591 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 22, 3 Jun 91, p 2

["Letter from Beijing" by Bao Xin (7637 0207): "Also Discussing Tibet, 'Human Rights'"]

[Text] Dear Friend:

The climax of the activities in celebration of the 40th anniversary of Tibet's peaceful liberation is over as I am writing to you. The current celebrations have been ceremonious and warm and won acclaim from all social aspects.

On 22 May, Premier Li Peng made a statement to XINHUA reporters; on 22 May, a mass meeting was held in Lhasa to celebrate the occasion, to which the CPC Central Committee, the National People's Congress [NPC] Standing Committee, the State Council, and the Central Military Commission sent congratulatory cables, and the central delegation head, Li Tieying, delivered an important speech. On 23 May, a meeting for personalities from all social circles marking the occasion was held in Beijing, at which Qiao Shi delivered an important speech, while RENMIN RIBAO carried an editorial on this occasion. I am taking great pains to list this series of activities not only to illustrate their high degree of solemnity and the importance the central authorities attached to them, but also the stance, principles, and policies of the Chinese Government in dealing with Tibetan affairs as expounded in a comprehensive manner in these authoritative documents.

Tibet's peaceful liberation was a great event in contemporary Chinese history, and a great historical turning point in Tibet's historical development. When the War of the Chinese People's Liberation scored great victories 40 years ago, namely, on the eve of the liberation of all of China, imperialist forces colluded with the separatists they had cultivated and tried in vain to separate Tibet from China. The signing of the "17-Point Agreement" on Tibet's peaceful liberation smashed their evil plot. Tibet's peaceful liberation signaled the materialization of the complete victory of the Chinese people's liberation cause on Mainland China and the realization of the great unity of the Chinese nation, including the Tibetan nationality under a new historical condition, thus opening up bright prospects for Tibet's progress and prosperity. That was really a festive day worthy of ceremonious celebrations. However, an extremely small handful of nationality separatists have all along undertaken separatist activities. Over the past 40 years, the struggles between separatism and antiseperatism in Tibet have never stopped. Especially in recent years, some forces outside the borders have stepped up separatist activities. That is something all the Chinese people, including the Tibetan people, will never agree to. It is precisely to bring forward the tradition of patriotism and national solidarity that we are marking the 40th anniversary of Tibet's peaceful liberation today.

Tibet has been an inseparable part of China's territory since some seven centuries ago. This tradition has never been severed in the past 700-some years. Tibetan affairs are China's internal affairs, in which no foreign governments, organization, or individuals have the right to intervene. Nevertheless, some foreigners have intervened in China's internal affairs regarding Tibet under various pretexts. The loudest clamor has been the so-called "human rights" issue. But that is a big lie. Those people have conjured up a totem, believing themselves to be clever, but they did not expect that their practice has precisely brought the hypocrisy of their stance into light.

What are human rights? To put it straightforwardly, they are precisely the basic rights of man as a human being.

Regarding a nation, they refer to the people's right to survival and development. In Tibet, who shows respect to human rights, and who does not? Who has trampled human rights? We have only to see the facts.

Tibet implemented feudal serfdom prior to democratic reform. That was even crueler and darker than slavery before the American Civil War and the European Medieval feudal system. At that time, serfs and slaves, accounting for over 95 percent of the population, had no social or political rights whatsoever. Moreover, their basic conditions for subsistence were not guaranteed. It was not until 1959, when democratic reform was implemented, that the slaves in the old society became masters of the country and have enjoyed all democratic rights insured by the Constitution, including freedom of religious belief, nationality equality, and regional autonomy. That is one side. On the other side, prior to Tibet's peaceful liberation, Tibet's productive force development had been seriously shackled, with its economy and culture in long-term stagnation. In the 40 years since Tibet's peaceful liberation, Tibet has scored economic and cultural accomplishments that are beyond comparison in history, with transcending leaps and marked improvement in people's material and cultural lives. Compared with the days before Tibet's liberation, Tibet's population has more than doubled, with the average life expectancy increasing 22.8 years.

Anyone who has been to Tibet cannot but admire these two basic facts so long as he respects objective reality. It will not be too difficult to draw a conclusion on whether or not people enjoyed human rights under feudal serfdom better than they do today under the socialist system by comparing the old and new Tibet.

Facts testify to the following: It is none other than the CPC and Chinese Government that have shown the greatest concern for Tibet's development and progress and done voluminous effective work with genuine sincerity. Here I should like to cite a figure: Between 1952 and 1990, the central government allotted a cumulative sum of 17.77 billion yuan to Tibet's finances and capital construction, and never collected a single yuan from Tibet during that period.

When the whole nation is marking the 40th anniversary of Tibet's peaceful liberation, people of all nationalities in Tibet and people nationwide are working hard to realize the Eighth Five-Year Plan and the 10-Year Program. The state will continue to give necessary support to Tibet's construction in various arenas. People of all nationalities in Tibet will unite still more closely to work hard to build Tibet into a socialist new Tibet characterized by solidarity, prosperity, and civilization. Tibet will become all the more prosperous in the next 10 years. Best regards. Sincerely, Bao Xin Written on 26 May

Policies Toward Dalai Lama Outlined

HK2406135391 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No. 23, 10 Jun 91, pp 17-18

[By Hua Tianming (5478 1131 2494): "What General, Specific Policies Is Chinese Government Pursuing Toward Dalai Lama"]

[Text] The policy of the Chinese Government toward the Dalai Lama is that as long as the Dalai Lama stops his activities of splitting the motherland and changes his position on "Tibet's independence," he will be welcomed back to the motherland and end his life in exile. It is hoped that the Dalai Lama will do something beneficial for the maintenance of the motherland's unification, for the nationality unity between the Han people and the Tibetan people, and for Tibet's development and prosperity. This principle and policy of the Chinese Government are consistent, and have not changed thus far. However, the Dalai Lama's actions in recent years show that he has not made any substantial change in his position.

In June 1988, in Strasbourg of France, the Dalai Lama put forth a political formula for turning Tibet into "an autonomous political entity of democracy tied to the PRC." In his statement, the Dalai Lama said that the "government of Tibet" should have "the power to decide all affairs relating to Tibet and the Tibetan people," while the Chinese Government should "continue to be responsible for Tibet's foreign policy" and "have the power to keep a limited quantity of military facilities in Tibet" under certain conditions.

The so-called "Strasbourg proposal" tried to turn an internal issue of regional nationality autonomy in China into something like the relationship between a "suzerain state" and a "vassal state" in history or between a "protector state" and a "protected state," thus changing the legal status of Tibet. As a matter of fact, this was nothing original. It was merely a refurbished version under the new historical conditions of the thesis coined by some imperialists in the early 20th century, who argued that China only had "suzerainty" and had no sovereignty over Tibet as they attempted to carve up China. According to such logic, although the foreign and defense affairs in the vassal state or the protected state are administered by the suzerain state or the protector state, it remains a state with half-sovereignty or partial sovereignty. A person who claimed to be "representative of his national interests" even picked up the fallacy concocted by the imperialists for the purpose of aggressing against and oppressing his own nation as the grounds for his "proposal."

The "proposal" also called for turning Tibet into a peace zone and a "buffer state" between big powers through demilitarization and neutralization. The so-called neutralized peace zone is an issue related to state sovereignty and international guarantees. It is impossible for a certain region of a country to establish a peace zone or a neutral zone with a neighboring country. As for the concept of "buffer state,"

neither is this anything original, but a proposal put forward by some colonialists who attempted to encroach on Tibet in the late 19th century.

All this shows that the "proposal" did not give up the idea of "Tibet's independence." A small handful of separatists found that no country in the world would openly support "Tibet's independence," so they adopted the deceptive formula of turning Tibet into an "autonomous political entity of democracy tied to the PRC," but the essence of "Tibet's independence" did not change. At another meeting of the European Parliament in April 1990, the Dalai Lama said that his "five-point scheme constitutes the minimum conditions for negotiations, and the aim is to effect autonomy in the orientation of independence in Tibet." Was that plain enough? Therefore, when commenting on the so-called "Strasbourg proposal," a Chinese official solemnly stated: "China's sovereignty over Tibet brooks no denial. Tibet must not be made independent, neither can it be made semi-independent or independent in disguised form." This statement was not aimless.

Some foreign people may ask: If the Dalai Lama did not give up his position of "Tibet independence" and his viewpoint of splitting the motherland, why did he win the Nobel Peace Prize in 1989?

In our opinion, the decision of Norway's Nobel Peace Prize Committee in giving the 1989 Nobel Peace Prize to the Dalai Lama was obviously a wrong decision with a pronounced political color. On 7 October 1989, a spokesman for the Chinese Foreign Ministry pointed out: The decision was open support for the activities of sabotaging nationality unity and splitting the motherland by the Dalai Lama and the Tibetan separatists, constituted rude interference in China's internal affairs, and seriously hurt the feelings of the Chinese people. We express strong regret and indignation at this. He also pointed out that the decision went directly against the committee's principle of giving the award to people who make efforts and contributions toward "harmony and amity between nations."

As a Chinese ancient saying goes, "people should be judged by their deeds, not just by their words." Although the Dalai Lama has time and again claimed that he is for "nonviolence," historical facts prove just the opposite.

As is known to all, in 1959 the upper reactionary elements in Tibet staged an armed rebellion. They flaunted the banner of their nationality and religion to resist social reform and impede the liberation of the broad masses of the Tibetan people. They even attempted to split the motherland by resorting to the support of some foreign forces. The rebellion caused a serious calamity to the Tibetan people, as the rebels looted precious metals, valuable figures of Buddha, and other religious artefacts from monasteries, killed Tibetan cadres, and pillaged local residents. The rebellion was abhorred by the broad Tibetan masses.

After the rebellion failed, the Tibetan separatists in exile never stopped their separatist activities. With the support of some foreign forces, in 1960 they again armed the

so-called "Buddhist Guards." After that, they again organized a "special frontier force," mainly consisting of Tibetans in exile, and the force still has nearly 10,000 members now. They dispatched small bands of armed thugs and spies to infiltrate the border areas in Tibet and carry out harassing and sabotage activities, seriously threatening and harming the safety of the lives and property and the normal production and life of the Tibetan masses in the border areas. They also trained group after group of spies and backbone elements for violent activities, and ordered them to sneak into Tibet to carry out reconnaissance, sabotage, and seditious activities and to set up underground reactionary organizations.

Since September 1987, a small number of separatists have instigated several serious rioting incidents in Lhasa City, the capital of the Tibet Autonomous Region, and all the riots were serious violent incidents of lawbreaking and aimed at splitting the motherland. The rioters madly committed such crimes as beating, smashing, looting, burning, and killing, seriously jeopardizing the lives of the residents of Lhasa and causing tremendous losses to the people's lives and property. The relevant department of the Tibet Autonomous Region has found conclusive evidence to prove that the Tibetan separatists in exile not only gave financial support to the riots but also sent people to directly plan, instigate, and organize the riots. Were all those "nonviolent" means? The Dalai Lama cannot deny his responsibility for all those violent and terrorist activities. Giving the prize to the Dalai Lama completely went against the principle of the Nobel Peace Prize, and was never good news for peace-loving people in the world.

Some foreign people may ask another question: Since the central government has agreed to hold talks with the Dalai Lama, why has no progress been made so far?

The Chinese Government has stated many times: As long as the Dalai Lama is sincere on improving relations with the central government and stops his separatist activities and renounces his position on "Tibet's independence," then the central government is willing to hold talks with the Dalai Lama and to show full sincerity and patience. However, one point must be made definite. That is, we will never hold talks with him on the issue of so-called "Tibet independence."

Since 1979, the relevant departments of the central government have approved home visits by several groups of visitors and relatives sent by the Dalai Lama, and have received these people. Almost all of the Dalai Lama's relatives living abroad have paid home visits to see their relatives. The relevant departments of the central government have also approved the visits of the Dalai Lama's representatives to Beijing and have received them.

In early 1989, Bainqen, the great religious leader of China's Buddhist circles, died. In consideration of the religious feelings of the Tibetan masses and the reciprocal master-disciple relationship between Bainqen and the Dalai Lama in history, the Chinese Buddhist Association invited the

Dalai Lama to return home to attend the memorial activities in honor of Bainqen. Mr Zhao Puchu, chairman of the Chinese Buddhist Association, personally handed a letter of invitation to a private representative of the Dalai Lama. The invitation of a purely religious nature provided an opportunity for the Dalai Lama to meet with the domestic Buddhists after going into exile for 30 years. If the Dalai Lama had sincerity on holding talks with the central government, that would also have been an opportunity to have contacts with the representatives of the central government. However, the Dalai Lama turned down the invitation.

In March 1989, a small number of separatists once again instigated and staged riots in Lhasa. Evidence showed that Tibetan separatists in exile not only gave financial support to the riots, but also dispatched people to directly plan and organize them. Such two-faced behavior of making trouble while expressing willingness to hold talks with the central government seriously poisoned the atmosphere for talks.

In the wake of the 4 June incident in Beijing in 1989, the Dalai Lama went along with the international anti-China tide, and traveled all over the world to call for the Western nations to apply pressure to China. He also went back on his own word again and again on the issue of talks. At one moment, he said that the central government was not stable and there was no hurry to advance the talks; at the next, he warned that if the Chinese Government did not start a dialogue with him within eight months to one year, he would "be forced to adopt a new position." In the following year or so, the Dalai Lama continued his intensive international activities in an attempt to internationalize Tibetan affairs which should be China's internal affairs. Because of this, a foreign member of parliament once asked: As the Dalai Lama called for foreign interference in China's internal affairs in the U.S. Congress, the European Parliament, and on other occasions, did his activities go against his position of being willing to hold a dialogue with the Chinese Government?

Facts show that the Dalai Lama has never had any sincerity on holding talks with the central government. He has just tried to launch a propaganda and opinion offensive in the name of talks, thus expanding his influence and soliciting more support from the anti-China forces. Therefore, the Dalai Lama should bear all responsibility for the prolonged failure in the holding of talks. As a religious leader, the Dalai Lama has a certain influence among the Tibetan religious masses, but his position of pursuing "Tibet's independence" and splitting the motherland is unpopular.

The central government has never closed the door to talks, and has repeatedly expressed willingness to hold talks with the Dalai Lama in order to solve the issue of prompting him and his followers to give up the position of independence and enabling them to return to the motherland. The central government has never changed this constant position. The only bright future for the Dalai Lama is to thoroughly and

explicitly discard his illusion of "Tibet's independence." It is hoped that the Dalai Lama will adopt a correct attitude and make a correct choice.

Pu Chaozhu Addresses Yunnan Cadre Training Class

HK2706032991 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 24 Jun 91

[Excerpt] At the first provincial party school rotational training class for elementary education in three respects for county level and above cadres, provincial party committee Secretary Pu Chaozhu said: In studying Marxism, first, we must try to have a good grasp of its fundamental tenets and second, we must be able to apply it to reality and master basic skills through combining theory with practice.

Pu Chaozhu said: Ours is a ruling party. Under the new conditions, the most important to do is strengthening party building. To this end, we must raise the Marxist theoretical level of the whole party, the political and theoretical level of party-member leading cadres in particular. If our province is provided with 1,000-2,000 key leadership members who have a systematic and real grasp of Marxism and are able to solve practical problems by applying it, our work in all fields will be done much better. In studying Marxism, we must concentrate our efforts on integrating theory with practice. We have to bring what we have learned together to achieve a thorough understanding. We should use the Marxist stand, viewpoint, and method in solving practical problems in a down-to-earth manner.

Pu Chaozhu continued: Under the new historical conditions, our party has a great historical mission on its shoulders and is facing three major tests. The first is the test of being in power. If we are good at wielding power and do not separate ourselves from the masses at any moment, the political power will be constantly consolidated. If we abuse the power and break away from the masses, the political power will change qualitatively. The second is the test of reform and opening to the outside world. If we do not persist in reform and opening up, the economy will lack vitality. If we do not uphold socialism in introducing reform and opening up, we will go astray. The third is the test of peaceful evolution engineered by international hostile forces. International hostile forces are making a war without gunsmoke against us. If we do not maintain sharp vigilance, we will make glaring mistakes. Therefore, every party member must set high demands on us. We must study Marxism for the purpose of remolding our ideology and enhancing our sense of responsibility toward history. We must be strict with ourselves so that we will never waver in the storm and stress of struggle, bow to pressure, or lose heart in the face of numerous difficulties. We must stand any test at any moment.

Every leading cadre must properly handle the relationship between immediate and long-term interests. Some leading comrades are interested in short-sighted behavior and are only committed to attaining certain goals during their tenure of office. This is detrimental to our cause. Leading cadres should have a broad mind.

They should make a success of present tasks and take into account long-term interests. They must properly handle the relations between overall and partial interests, overcome departmentalism, and take overall interests into consideration. It is necessary to correctly handle the relationship between the party's and the individual's interests. We must integrate ideals and conviction with the strategic goal for the present stage, and attain the ideals in a down-to-earth manner. It is essential to correctly exercise power. We can only exercise power with the aim of serving the people rather than seeking personal gain. Every party member and leading cadre must display the spirit of selfless devotion and become a qualified communist. [passage omitted]

Attends Awards Conference

HK2706021591 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 25 Jun 91

[Excerpts] The Yunnan Provincial conference on commending advanced party organizations, advanced party affairs workers, and advanced party members was solemnly inaugurated in Kunming's Shengli Hall this morning. [passage omitted]

Leading comrades attending the commendation conference included: Pu Chaozhu, He Zhiqiang, Li Xingwang, and Liu Shusheng. [passage omitted]

Yin Jun, provincial party committee deputy secretary, presided over the conference.

Ren Keli, provincial party committee standing committee member and organization department director, read aloud a provincial party committee decision commending advanced party organizations, advanced party affairs workers, and advanced party members. [passage omitted]

Yunnan Congress Holds Forum on Narcotics

HK2706041391 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 25 Jun 91

[Text] At a time when the fourth anniversary of the International Narcotics-Banning Day is soon to arrive, the provincial people's congress standing committee held a forum in Kunming's Shengli Hall yesterday afternoon.

The forum was especially held to implement and carry out the National People's Congress [NPC] Standing Committee decision on banning narcotics and the Yunnan provincial regulations on banning narcotics and further mobilize the society to push ahead with the on-going, in-depth development of our province's narcotics-banning work.

The forum was attended by responsible comrades of the provincial people's congress, government, higher people's court, people's procuratorate, public security department, armed police corps, and other relevant departments.

In their speeches, all the responsible comrades held: It is necessary to resolutely implement the NPC Standing Committee decision on banning narcotics and the Yunnan provincial regulations on banning narcotics, resolutely fight against all narcotics-related criminal activities, and successfully wage a people's war against narcotics.

Yu Huoli, provincial people's congress standing committee vice chairman, said: Yunnan is in the forefront of the struggle against narcotics and is a major battlefield against narcotics in the whole country. Thus Yunnan shoulders a special responsibility not only to the whole country but also to the international community as a whole. Over the past few years, provincial party and government departments at all levels have attached utmost importance to the work of banning narcotics, actively carried out a struggle against narcotics, and achieved phenomenal results in this connection. Nevertheless, we should still be aware that the huge influx of narcotics into Yunnan from other countries has not yet been effectively checked. The narcotics-related crimes are still on the increase. In view of this situation, leaders at all levels must further heighten understanding and strengthen sense of urgency in waging the struggle against narcotics. The relevant responsible departments of people's governments, people's courts, and people's procuratorates at all levels must strictly implement the NPC Standing Committee decision on banning narcotics and strictly investigate and deal with all types of narcotics-related criminal activities in accordance with the law to earnestly ban narcotics, punish drug traffickers and growers, and force drug users to quit drugs. Since the work of banning narcotics deals with a wide range of complex issues, we must fully mobilize all forces in society; carry out comprehensive harnessing; combine the efforts of specialized organs with the efforts of the broad masses of the people; implement all narcotics-banning measures to the letter; and make greater contributions to promoting social stability, economic development, and smooth development of reform and opening up in our province as well as to the narcotics-banning cause of our country and the whole world.

Yang Yitang, provincial people's congress standing committee vice chairman, presided over the forum.

Dao Guodong and Bai Zuoguang, provincial people's congress standing committee vice chairmen, and Bao Yongkang, vice provincial governor, attended the forum.

Yunnan Court Sentences 21 Drug Traffickers

OW2606180691 Beijing XINHUA in English
1425 GMT 26 Jun 91

[Text] Kunming, June 26 (XINHUA)—Southwest China's Yunnan Provincial Higher People's Court pronounced at a public meeting here today that 21 drug traffickers were sentenced to death.

The meeting was attended by 5,000 citizens.

Yunnan Province, which is near the "Golden Triangle," Asia's largest drug resource, has suffered as a result of the increased drug trafficking in recent years.

Yin Jun, deputy secretary of the provincial committee of the Chinese Communist Party, said that the governments and party committees at different levels have taken powerful measures to prevent and crack-down on drug trafficking. They have also made efforts to educate and reform drug addicts.

He said that the drug flow into the province from abroad is under control. However, he added, more work needs to be done to cope with the drug traffickers' new tricks and methods.

Courts in several other cities and counties in the province also sentenced several drug traffickers to death today.

Yunnan May Approve Executions in Drug Cases

HK2606145291 Hong Kong ZHONGGUO TONGXUN
SHE in English 1437 GMT 26 Jun 91

["Supreme People's Court authorizes Yunnan's Higher People's Court to verify and approve some death sentences for drugs cases"—ZHONGGUO TONGXUN SHE headline]

[Text] Kunming, June 26 (CNS)—The Supreme People's Court decided recently in accordance with the law to authorize the Yunnan Provincial Higher People's Court to verify and approve death sentences for some drug offenders.

Verification and approval for the death sentence for some drugs cases refers to cases other than those already verified and approved by the Supreme People's Court and foreign-related cases.

As Yunnan is in the proximity of an international drug production centre, narcotics crime involving trafficking across the border continues to spread, said an official in charge. The authorization of the Supreme People's court for the provincial Higher People's Court to verify and approve the death sentence for some drug cases is to further render a prompt and strong blow to drugs crime and to curb its spread.

The official said that such authorization gave an impetus to Yunnan in strictly checking and punishing those involved in drug trafficking activities. The provincial Higher People's Court would, at the same time, strictly adhere to the law in handling drug cases and certainly would not commit mistakes.

Among the 21 criminals guilty of serious drug charges and executed today, 17 had their death sentences verified and approved by the Yunnan Provincial Higher People's Court.

Report on Taiwan's Changing Overseas Image

OW2006132891 Taipei CHUNG YANG JIH PAO
in Chinese 14 Jun 91 p 1

[Report by Shao Yu-ming, director of the Government Information Office (GIO) of the Executive Yuan, to a Central Standing Committee meeting of the Kuomintang on 12 June: "Changes in the Republic of China's International Image Since the End of Martial Law"]

[Text] It is a profound honor for me to report the work of the Government Information Office of the Executive Yuan to the Central Standing Committee meeting today. I hereby deliver a report on changes of our country's image abroad and obstacles to the current international communication work following the government's introduction of a series of major political and economic reforms, as well as the focal points of the present-stage cultural publicity toward foreign countries and its future direction. The report is entitled "Changes in the Republic of China's [ROC] International Image Since the End of Martial Law."

I. Objective Milieus and Unfavorable Factors of Our Country's International Communication Work Before the Ending of Martial Law

In 1948 as the situation in the mainland deteriorated, the government, in view of the Chinese Communist rebellion, declared the Period of Mobilization for the Suppression of the Communist Rebellion and imposed martial law, to which several provisional articles were added following the move to Taiwan. All these were emergency measures taken at that time to cope with an extraordinary situation. However, some Western reporters and personages, having difficulty understanding our country's subjective and objective milieus at that time, depicted the ROC as a "rightist military regime," a "police state," or under an "authoritarian political system." They believed that under the system, the people's right to participate in political affairs was restricted and freedom of speech impaired, that there was no check and balance in political affairs, and that judicial trials were not held independently. Therefore, despite the ROC's splendid economic achievements, being called the "model for the development of Third World countries," "economic miracle," and one of the "four small dragons of Asia," the country was unable to achieve political progress of the same momentum and enhance its international image concurrently because of the constraint of subjective and objective milieus.

To put in a nutshell, prior to the ending of martial law, the ROC's international image was affected by the following negative factors:

1. The martial law which, no doubt, had its practical needs, never received sympathy abroad.
2. Failure to lift the restrictions on establishing new political parties and on press registration at an earlier date.

3. The "Chiang Nan case" [the murder of Chinese-American writer Chiang Nan] in 1984.

4. The huge surplus in our country's trade with the United States and disputes over intellectual property rights between the ROC and the United States, which frequently caused friction between the two countries. The United States and other advanced industrialized countries were also critical of ROC-made pirated goods (including books) inundating domestic and international markets.

5. The illusion of various countries in the world over the Chinese Communists' political and economic reform and the Communist's efforts to isolate our country diplomatically, resulting in an unfavorable situation of a "growing enemy and declining our strength."

II. Favorable Factors for Changing the ROC's Image Abroad Since the End of Martial Law

In July 1987, the government declared the ending of martial law. This is not only an important milestone in the process of our country's political democratization but also the watershed in changing the ROC's international image, producing an extremely far-reaching influence. In the nearly four years since the ending of martial law, the government has successively promoted political and economic reforms with an open and practical approach, resulting in an excellent environment for enhancing our international image:

1. Promotion of political democratization: President Li Teng-hui has not only carried on the late President Chiang Ching-kuo's reform policy but has increased the pace of reform. From the lifting of restrictions on newspapers, the enactment of the Law on Assemblies and Parades and the Organic Law for People's Organizations, the holding of the National Affairs Conference, and the setting of the schedule for constitutional reform to the end of the Period of Mobilization for Suppression of Communist Rebellion, the abrogation of the temporary provisions, and the adoption of the additional articles of the constitution by the National Assembly, one thing led to another. This shows that political democratization in the ROC has been gradually completed.
2. Implementation of economic liberalization: The ROC's economic and trade achievements have long been affirmed by all countries in the world. In recent years, we have adopted many measures for promoting economic liberalization and internationalization, for instance, protection of intellectual property rights, lowering of tariffs, considerable relaxation of control over foreign exchange, lifting of restrictions on tobacco and wine imports, and liberalizing foreigners' investment in securities. All this has fully equipped the ROC with the framework for a market economy. They are the greatest support for the ROC's efforts to return to international economic and trade organizations.
3. Improvement in Sino-U.S. economic and trade relations: The ROC's efforts to diversify its foreign trade market over the years have yielded fairly good results. Trade surplus and reliance on trade with the United

States has been considerably reduced. Trade disputes caused by a huge trade surplus with the United States in the past have been gradually settled. Through bilateral consultations, we have also managed to satisfactorily solved some economic and trade issues, such as tobacco and wine imports. All this has contributed to big improvements in bilateral economic and trade relations.

4. Disillusionment of people all over the world with the Chinese Communists: The "4 June Massacre in the Tienanmen Square" in 1989 disillusioned the people of the world regarding reform by the Chinese Communists. The bloody suppression by the Chinese Communists plunged their international image to the bottom of the valley, and unanimous condemnation by all countries throughout the world and their political and economic sanctions against the Chinese Communists dealt serious blows to the Chinese Communists' economic reform, which had just begun to take off.

Moreover, President Li and all premiers, past and present, have held news conferences for Chinese and foreign reporters on many occasions to expound the ROC's major state policies and principles, as well as the design and prospects of national construction. All these have been widely reported by major mass media abroad and have considerably helped to promote understanding and support by the governments and peoples of other countries for the ROC. For instance, as of now, 228 major mass media organizations throughout the world, including THE NEW YORK TIMES, THE WASHINGTON POST, THE LOS ANGELES TIMES, and TIME magazine have published more than 300 reports on the news conference held by President Li on 30 April this year to announce the end of the Period of Mobilization for Suppression of Communist Rebellion. They spoke with unanimity in praising the ROC, saying that this act brought cross-strait relations to a brand new stage. A feature report in TIME noted that this action by President Li "has cleared the path for political reform and will certainly enable the ROC to extricate itself from the rank of authority politics and become a vanguard for Asian democracies." An editorial in THE ASIAN WALL STREET JOURNAL said: "Taipei has taken an important step toward the grand cause of China's reunification. It deserves widespread support from all democracies throughout the world."

III. Changes in the International Community's View of Our Country

Given these favorable factors, our government has carried out a pragmatic foreign policy in playing an active role in international activities, taken the initiative to shoulder international responsibilities, and used our economic development achievements to contribute to the international community. This practice has effected the following remarkable changes in the international community's view of our country:

1. The international community has shifted the focus of its criticism to the Chinese Communists. In the past, we

had nothing to latch onto because we were restricted by circumstances and could not act flexibly in dealing with internal and external affairs. Over the years, however, our pragmatic actions have demonstrated our maturity and self-confidence to the international community. In contrast, the Chinese Communists, domestically, have ignored human rights, massacred students, and put pro-democracy activists on trial in recent years. Externally, they have assisted despots in doing evil and have refused to fulfill their international responsibilities. This has enabled the international community to clearly see the Chinese Communists' true nature and enabled to make every effort to denounce them.

2. The international community is increasingly willing to affirm our political and economic development. In the past, international mass media used to direct their eyes toward negative factors in our country, giving scant attention to the "silent revolution" we enacted with political and economic reforms. Now, the mass media in various countries has gradually discarded previous prejudices and begun to publish more reports on our political, economic, and social progress, such as constitutional reform, economic and trade growth, environmental protection efforts, the Six-Year National Development Program, and relations between the two sides of the Taiwan Strait. This indicates that our progress in various fields has drawn the attention of international mass media and has been affirmed by them. Accordingly, our prestige is rising in the international community. During the past four years, I have traveled to Europe and America annually to brief foreign audiences on our progress in various fields at home. Over these four years, their reactions have become more and more favorable. In the first two or three years, some people in the audience were critical or skeptical about our development. But take my last month's speech at Harvard University, a major American academic center, as an example. The audience included dozens of scholars of Chinese affairs, and none of whom disagreed with what I said or criticized our government. We might conclude that this is their way of acknowledging our political and economic achievements in recent years.

3. The international mass media has changed its view of our country. Even though reports from by famous international mass media organizations are focusing on our domestic situation after the lifting of martial law, including political controversy, social disorder, the wild stock market, and heightened consciousness of environmental protection issues, most of their reports are nevertheless objective and sympathetic, and there is very little ill-intentioned distortion. Indeed, this is in sharp contrast to previous embarrassing situations when reports from the international media would blame us for whatever we did. The change in their viewpoint is quite apparent.

Take THE NEW YORK TIMES, a leading international mass medium, as an example. This newspaper has a very strong color of freedom. In the past, it reported very infrequently on our country. Occasionally, it carried reports on us, but most of the reports were negative. After we lifted

martial law, reforms implemented by our government have drawn this newspaper's attention. In early February this year, the director of the Peking office of this paper, Nicholas Kristoff, visited the Republic of China and wrote six reports containing many comments affirming our country's political and economic achievements. The breadth and depth of these reports were unprecedented. In fact, as early as 29 October 1990, the paper devoted half a page to an article praising Premier Hao of our Executive Yuan as a very efficient administrator. According to the article, his administration has been affirmed by the overwhelming majority of the people.

Additionally, our efforts to rejoin the General Agreement on Tariffs and Trade (GATT) have also evoked repercussions from this newspaper. On 10 November last year, the paper published an editorial entitled "Taiwan: Too Big to Ignore," calling on U.S. authorities to support our country's bid to rejoin that organization. On the same day, the largest newspaper on the U.S. West Coast, THE LOS ANGELES TIMES, also carried an editorial supporting our efforts in this regard. On 27 April this year, THE NEW YORK TIMES published another editorial entitled "Taiwan Belongs in GATT," strongly urging that the U.S. Government support us in rejoining the GATT. In view of their status within U.S. journalistic circles, these two newspapers should have some influence on the U.S. Government. For copies of the editorials and articles issued by the U.S. mass media in support of our admission to GATT, please see attachment 2 [not published].

IV. Obstacles to Current International Propaganda Work

Despite the fact that the international media has found everything refreshing and new in the wake of various actions we have taken upon ending martial law and have repeatedly made favorable comments about us, there are still some things which leave a lot to be desired and that have created obstacles to our country's international propaganda work. The most conspicuous of these are as follows:

1. Repeated reports on conflicts in parliamentary debates: Frequent reports on brawls during special sessions of the National Assembly and the Legislative Yuan in recent months have not only caused an uproar in domestic public opinion but have made us a laughing-stock abroad. According to statistics based on earlier newspaper clippings received from foreign-based units of this office, 75 media organizations in various countries throughout the world have reported on this; 50 of these are written reports, and 25 are radio and television reports. The contents of these reports are mostly commentaries on tussling among our people's representatives. In a mid-April national news broadcast, the U.S. network NBC reported: From the performance of the Taiwan parliament, one realizes that the road to democracy is very arduous. CNN also reported repeatedly on 10-11 April on the scuffle in our Legislative Yuan. At the end of last year, Japan's YOMIURI SHIMBUN inserted into its review of "Year-End World Spectacles" a scene

of a Democratic Progressive Party legislator hurling objects at the seat of the chairman of the Legislative Yuan. This has all tarnished our national image very much. If this phenomenon is not ended soon, it is bound to impair the positive appraisal of our strenuous efforts to carry out political democratic reforms.

2. Inundation of society with unhealthy practices: Recent overemphasis by our citizens on material comforts has led to pursuit of undue interests, prevalence of gambling, and lack of a law-abiding spirit, giving rise to recurrence of kidnappings, extortion, and ransom. Eventually, in the middle of last year, TIME magazine wrote an article describing our island as an "Isle of Greed," while NEWSWEEK published a special article calling us "The Ugly Ducklings." In addition, certain foreign Chinese news media also ridiculed us, suggesting that our country's name "ROC" stood for the "Republic of Casino." These negative reports have affected the flow of foreign investors and visitors to Taiwan and seriously impaired our national image. If these social tendencies, characterized by "wealth without manners," "sex without love," and "securing things through force or trickery," are not rectified and improved, the good reputation of the "Taiwan Success Story" will no longer prevail.

3. The fantasy of Taiwan independence: Undeniably, our government and the overwhelming majority of our people share the understanding that China must be reunified, and all efforts must be made in this direction. A minority of our citizens are nevertheless still saying that Taiwan should become a "new and independent nation." Not only have they contested this matter in the assemblies at various levels in the country as well as in the streets, challenging the state system and state policy decisions, they have also colluded with overseas leftists and dissidents and vigorously advanced the claim of Taiwan independence, attacking our party and government. This act of taking up the case from abroad has created many obstacles for our international propaganda work. In a comprehensive survey of various countries, one can really find few cases like that of our country where, while we are striving to uplift the national image, we still have to act as firemen overseas and put out negative blazes of publicity.

V. Current Priorities for International Propaganda Work

In short, all democratic constitutional reforms undertaken by our government since the lifting of martial law, as well as its realistic attitude on the question of China's reunification, have been regarded as positive actions by international media and overseas Chinese communities. Faced with this new situation, this office will seize the opportunity to make use of all our available resources and to take the initiative in launching an offensive in a bid to create an international image of the Republic of China as a free, democratic, and uniformly wealthy "cultural power."

To achieve this objective, this office is now concentrating on the following important tasks:

1. We shall continue to set up "Chinese Information and Cultural Centers" in important cities of the world: Because developed countries in Europe and America (such as the United States, Britain, France, Germany, and Japan) set up cultural centers in foreign countries long ago to carry out propaganda work through cultural activities, this office, in order to promote our country's international propaganda work and to effectively enhance its international image, is cooperating with the Executive Yuan's Cultural Construction Committee and with the Ministry of Education to set up a large-scale, multifunctional Chinese information and cultural center in New York City. Housed in Rockefeller Center, New York City's best location, the center has a floor space of 55,000 square feet, which includes an information center (including a library, offices, computer data center, classrooms, and television rooms) and a cultural center (including a small theater and an art gallery). The information center went into operation on 20 May this year. Construction of the cultural center is being stepped up; it is expected that it will be open for operations by 14 August.

2. We shall transmit daily domestic news via satellite for broadcast by Chinese language television stations in the United States and Canada: To enhance our country's influence among overseas Chinese in the United States and Canada and also to counter the effect of the Chinese Communists' united front tactics, this office has entrusted three domestic television stations, each spending four months a year on a rotating basis, to excerpt their daily news program into a 20-minute news program and transmit it at 2200 Taipei time daily via satellite for broadcast by 16 Chinese language television stations in the United States and Canada. This project was officially put into effect on 1 May this year, and the reaction of the overseas Chinese there to this government measure for their benefit them has been extremely favorable.

3. We shall run special issues and advertisements to enhance our national image: To enhance our country's "visibility" and to disseminate our major important information on a timely basis, this office has in recent years been publishing national image advertisements and special issues in the important media of the world to expound economic, political, and cultural development, as well as developments in other areas in our country. For example, on 20 May last year (1990), in conjunction with the inauguration of President Li Teng-hui, this office, taking advantage of nongovernmental forces in the United States and the ROC, published a 28-page special issue with color pictures and photographs in THE NEW YORK TIMES MAGAZINE. We received very favorable reviews. This office is now working on a program to publish a 10-part series on the national situation, on a biweekly basis, in the opinion column opposite the editorial page of THE NEW YORK TIMES. What is worth mentioning is that advertisements published by this office recently have tried to publicize our wish to return to international organizations, and our

efforts in this respect have won universal attention and the positive response of world public opinion.

4. Setting up an archive of friends of our country as well as an archive of scholars and experts on Chinese issues: Although the ROC has foreign friends in every corner of the world, our side has never assembled a namelist of such friendly persons in a planned way. Only with such a namelist can we maintain constant contact with them and call on them to support us. This office has directed our foreign missions to computers and set up personal files on people friendly to the ROC and to send them regular periodicals free of charge from this office. So far, 6,590 files on our friends have been set up. In addition, knowing that "academic activities are a good means of propaganda," this office has also begun personal files on scholars and experts on Chinese issues throughout the world. So far, 1,812 such files have been established. Using these files, we can provide them with information at any time, thereby turning them into forces friendly to us.

5. Setting up a national information computer data base: In September 1990, this office set up a national information data bank at the famous Data Times of the United States to input THE FREE CHINA JOURNAL and the REPUBLIC OF CHINA YEARBOOK in English, published by this office, as well as other related data, into the data base, in order to provide easy access to the latest national developments in the ROC. At present, various news media and academic research units throughout the world have on-line access to information about our country through the international information network. The number of foreign media using information or reprinting news about the ROC obtained through this method is increasing.

6. Increasing our office's published and television propaganda materials: This office in recent years has devoted a large amount of human and material resources for upgrading the quality of our propaganda materials. It has also strengthened publication of foreign language periodicals and data introducing progress in various spheres in the ROC, which have been widely distributed. This is particularly true after the English language THE FREE CHINA JOURNAL was changed from a weekly to publication once every three days; it changed to color publication in February this year. In addition, since this office took over compiling and publishing the REPUBLIC OF CHINA YEARBOOK last year, the yearbook, with improvements in both content and printing, has become an important source of information on our country for the international community. The SINORAMA, a magazine which has been widely welcomed by overseas Chinese communities, has successfully made its way into the mainland at the end of last year. We plan to get 3,000 libraries on the mainland to subscribe. In addition, we are working on setting up distribution networks throughout the world in a bid to spread SINORAMA to all corners of lands where Chinese nationals live.

7. Actively carrying out information and cultural work in East Europe: The changes in East Europe in recent years have provided the ROC with a new arena for dissemination of information and cultural work. In addition to the decision to set up press units in Berlin and Budapest, this office has been active in inviting people from the East European press to visit the ROC. We have invited 22 journalists from the former East Germany, Poland, Czechoslovakia, Yugoslavia, and Hungary to visit our country. In addition, we have also made plans to publish special issues on ROC progress in the important media of Hungary and Czechoslovakia on the occasion of our national day this year.

VI. Our Future Course—and Conclusion

Continuing political and economic reform in the ROC over the years has indeed been affirmed and praised by the international community. The ROC's determination to actively seek return to the international community in a pragmatic manner, as well as the economic strength and vitality it manifests, have attracted the attention of and received extensive coverage from international mass media. This has all had an extremely positive impact on improving the ROC's international image.

Looking to the future, the GIO will work along the following lines in conducting propaganda overseas:

First, the greatest leading force for promoting China's reunification under a system of democracy and freedom lies in actively conducting an international propaganda campaign for our base for national recovery in coordination with the ROC's mainland policy. We will urge international mass media to more closely supervise and pressure the Chinese Communists.

Second, through such channels as inviting foreigners to visit, putting up special advertisements, holding academic seminars, and so on, we will publicize to the international community the political democratization under way in the ROC, the Six-Year National Development Program, and efforts to raise our cultural level.

Third, we will publicize to the international community the ROC's determination to return to international organizations as well as its significance, stressing that this is a way for us to provide feedback to the international community after creating the "Taiwan miracle," pointing out that we must return to international organizations in order to properly discharge our international responsibilities. Besides, we will urge the international community to assist us in joining the GATT, the Organization of Asia-Pacific Economic Cooperation [APEC], and so on, so as to restore the ROC's normal role in the international community.

Fourth, after the completion of the "Chinese Information and Cultural Center" in New York, the GIO will capitalize on our long and elegant cultural history, use it in the propaganda campaign, and continue to cooperate with the Council for Cultural Planning and Development

and the Education Ministry in planning for the establishment of similar centers in the five large cities of Hong Kong, Tokyo, Singapore, London, and Paris. We will vigorously promote all types of international cultural exchanges to win greater respect and support for us in the international community.

Fifth, in keeping with our comprehensive efforts to enhance relations with foreign countries, we will promptly readjust or install new overseas offices of the GIO and make appropriate plans for their manpower and material resources to increase the functions and efficiency of the GIO's overseas offices.

Premier on Principles in Dealings With Mainland

OW2106094191 Taipei CNA in English 0858 GMT
21 Jun 91

[Text] Taipei, June 21 (CNA)—All government agencies must uphold the principles of equality, legal jurisdiction and reciprocity in handling incidents involving mainland China, Premier Hao Po-tsun said Thursday.

Hao gave his instructions in a regular cabinet meeting after a briefing on the government's handling of the recent "Eagle King" incident.

The incident involved six mainland Chinese Customs agents aboard the Panamanian-flag carrying freighter in the Taiwan Straits to check alleged smuggling. The mainlanders were escorted to Taiwan by the Republic of China naval ships after they rushed to the scene on notice of piracy. The six were sent back to the mainland Tuesday. The Ta Chung Prosecutor's Office is investigating the smuggling and perjury charges against the freighter.

Hao praised the Mainland Affairs Council, the Chinese Navy and the government-sponsored Straits Exchange Foundation (SEF) for their handling of the incident.

The premier said that in contacts with mainland China, government agencies must insist on the principle of equality. "SEF, for instance, must insist on negotiating with Peking authorities in handling cross-straits affairs."

Hao continued that the Republic of China must uphold its sovereignty and legal jurisdiction in handling cross-straits affairs. "All incidents involving mainland China must be handled strictly according to our laws and regulations," he added.

To promote China's peaceful unification, Hao said, both sides of the Taiwan Straits must be willing to coordinate and cooperate in handling cross-straits affairs on a goodwill and reciprocal basis.

CPC Members May Not Visit

OW2106130291 Taipei Voice of Free China
in English 0200 GMT 21 Jun 91

[Text] Premier Hao Po-tsun stressed on Thursday that in the future when government units here make contacts

with the mainland, they must conduct such under three principles: legal sovereignty, good and responsive cooperation, and equality. Hao also said that after the government had abolished the period of termination of the communist rebellion [as heard], the Chinese Communists have not made any positive response to the ROC [Republic of China]. Therefore, in the near future, the ROC will not consider allowing Communist Party members to visit Taiwan. He said that after the law governing relations between the sides of the Taiwan Straits is legalized, this and other decisions will be reevaluated.

Hao made the remark at Thursday's regular meeting of the cabinet, after the chairman of the Mainland Affairs Committee, Huang Kun-hui, made a report explaining how government authorities were handling the "Eagle King" incident. After the report, Hao said that implementing peaceful changes with the mainland is the only road that can be used in the future. He said that freedom and democracy is a trend that can longer be stopped. He said that if the Chinese Communists refuse to implement a peaceful transformation and try to strengthen their tyrannical system, this will certainly not be accepted by the mainland Chinese people and will result in failure.

Urges Active World Finance Role

*OW2406120491 Taipei CNA in English 0744 GMT
24 Jun 91*

[Text] Taipei, June 24 (CNA)—Premier Hao Po-tsun said Monday that the Republic of China, with its strong economy and huge foreign exchange reserves, should be able to play a more active role in the world financial system.

Speaking at the National Finance Conference in Taipei, Hao urged the nation's financial institutes to help achieve the goal by training more competent financial experts and streamlining their business structure.

He asked the participants in the meeting to give their opinions on how to make financial circles more disciplined, improve their efficiency and service, strengthen their business connections with the world financial system, and improve the nation's financial system.

The premier assured them that their opinions will receive full government attention. The nation's financial and economic conditions have made many improvements desirable, he added.

The two-day meeting, which is the second of its kind since 1982, will conclude Monday afternoon.

Terms Independence 'Dead End Street'

*OW2606131091 Taipei CNA in English 0812 GMT
26 Jun 91*

[Text] Taipei, June 26 (CNA)—Premier Hao Po-tsun, while dismissing Taiwan independence as a dead-end street, reiterated that China's unification will become a "historical reality" and is the only road for Taiwan.

Addressing a government-sponsored seminar on mainland affairs yesterday, Hao said that even though unification cannot be achieved overnight, the Republic of China will never give up this ultimate national goal.

The premier said there is no need to debate "independence" or "unification" because Taiwan independence will lead nowhere. "We must instead devote our energies to national reconstruction," he stressed.

"Strength is the only guarantee of Taiwan's survival in the international community and of insuring it a say in cross-straits exchanges," Hao emphasized.

Hao continued that there will be no turning back on the current development of cross-straits relations, but, he stressed the nation must maintain its stance, policies, and goals in dealing with mainland authorities.

"We must insist on the principles of equality, sovereignty, integrity, mutual goodwill, and cooperation in our contacts with them," Hao explained.

In order to reduce animosities and hostility between the two sides, Hao said both Taipei and Peking should put aside differences over politics, policy, and sovereignty issues and should instead concentrate on resolving day-to-day administrative and technical issues on an equal and reciprocal basis.

The premier reaffirmed that the Republic of China will pursue national unification by peaceful and democratic means. "We'll make long-term efforts to accomplish this task in a gradual and realistic manner," he pledged.

President Promotes Military Officers

*OW2606123591 Taipei CNA in English 0806 GMT
26 Jun 91*

[Text] Taipei, June 26 (CNA)—President Li Teng-hui Tuesday promoted five military leaders to three-star generals and appointed three of them to higher defense posts to be effective July 1.

Vice Admiral Chuang Ming-yao, now Navy Deputy Commander-in-Chief, was promoted to admiral-second class and named Vice Defense Minister.

Chuang, 62, a native of Kaohsiung, Taiwan Province, graduated from the Navy Academy's 1952 class.

Chuang is the first Kaohsiung citizen to become an admiral. Kaohsiung people were delighted to learn of Chuang's promotion both in rank and in post.

Army Commander-in-Chief General Huang Hsing-chiang was appointed Executive Deputy Chief of the General Staff, and Army Lieutenant General Cheng Pang-chih was promoted to general-second class and appointed Deputy Chief of the General Staff.

Huang, 61, hails from Hunan Province in mainland China. A graduate of the 22nd class of the Army

Academy. Huang later became president of the academy and served in various posts before being appointed Army Commander-in-Chief.

The 61-year-old Cheng was born in Anhui Province in mainland China and graduated from the same class as Huang. He had been commander of both the Kinmen and Matsu defense commands.

Army Lieutenant General Chen Ting-chung was also promoted to general-second class and appointed to replace Huang as Army Commander-in-Chief. Chen, 60, a native of Jiangsu Province in mainland China, graduated from the 24th class of the Army Academy.

Two others whose military ranks were promoted were Army Lieutenant General Wang tuo-chih, who was promoted to general-second class, and Air Force Lieutenant General Tang fei who was also promoted to general-second class.

Wang, 63, born in Antung Province in northeast China, graduated from the Army Academy's 1949 class.

Tang, born in Jiangsu Province in mainland China in 1932, is a graduate of the Air Force Academy's 32nd class.

Ministry To Freeze Mainland Trade List

OW2606114091 Taipei CNA in English 0846 GMT
26 Jun 91

[Text] Taipei, June 26 (CNA)—The Ministry of Economic Affairs [MOEA] will not expand, for the time being, the list of industrial and agricultural raw materials that can be indirectly imported from the Chinese mainland, a ranking official said.

The decision will ease overheated cross-straits trade, Vice Economic Affairs Minister P.K. Chiang said Tuesday. The ministry currently allows indirect imports, mostly from Hong Kong, of 158 mainland industrial and agricultural raw materials.

Chiang said that Taiwan exports to Hong Kong grew at an annual rate of 50 percent in the first five months of 1991. Based on this growth rate, Taiwan exports to mainland China are expected to surpass 5 billion U.S. dollars this year while imports would exceed one billion U.S. dollars.

The main reasons for the rapid growth in cross-straits trade, Chiang said, are increasing Taiwan investment in mainland China and large exports of Taiwan machinery parts and components to the mainland.

Taiwan's foreign trade is expected to reach 135 billion U.S. dollars a year with cross-straits trade accounting for 5 percent, according to an MOEA's estimate.

Chiang urged Taiwan businessmen to be cautious in doing business on the mainland and not to become overly dependent on mainland markets because the mainland is still a central planned economy and mainland authorities may change economic policy at any time.

Vice Premier on Direct Mainland Trade Conditions

OW2606135191 Taipei CNA in English 0818 GMT
26 Jun 91

[Text] Taipei, June 26 (CNA)—The Republic of China [ROC] will consider lifting its ban on direct cross-straits trade and investments if Peking signs an agreement protecting Taiwan investments on the mainland, Vice Premier Shih Chi-yang said.

Shih told a seminar on mainland China's current economic situation yesterday that the Government will ask the Straits Exchange Foundation to urge Peking to adopt an effective system to protect the interests of Taiwan investors.

As long as the two sides of the Taiwan Straits remain hostile, Shih said, the Government's current insistence on indirect cross-straits trade and investment is believed to be in the best interests of ROC businessmen.

In the future, Shih said, if Peking renounces the use of force against Taiwan, agrees to sign an investment guarantee pact and to reasonably protect Taiwan investments, the Government will consider direct investment and trade ties with the mainland.

If Peking fails to show its good will and to abandon its hostility toward Taiwan, Shih emphasized that direct cross-straits commercial exchanges and party-to-party or government-to-government talks will never be possible.

Shih reported that ROC citizens have made more than 2 million visits to the mainland since the Government relaxed its travel ban in late 1987, and two-way trade between Taiwan and the mainland, mainly transshipped through Hong Kong, is expected to reach 10 billion U.S. dollars this year, compared to 4.04 billion U.S. dollars in 1990.

Recognizing that cross-straits exchanges are an irresistible trend, Shih said, the Government will no longer restrict people-to-people contacts with the mainland, but will instead actively "guide" such exchanges. In line with this policy, he added, the Government is working to organize Taiwan businessmen who have invested on the mainland in order to enhance their collective bargaining power vis-a-vis Peking authorities.

Shih said that Peking thinks that cross-straits exchanges over the past three years seem to have unilaterally reduced the vigilance of local people against the Chinese Communists.

Shih stressed that unification is an ultimate national goal, but, Taiwan's security remains the top concern at the moment because Peking still insists on its "one country, two systems" formula and declines to treat Taipei as a political equal. He urged local businessmen neither to ignore the communist threats in their dealings with mainland China nor to pursue personal benefits at the expense of national interests.

Trade With U.S. Declines in 1st Quarter

OW2606123491 Taipei CNA in English 0834 GMT
26 Jun 91

[Text] Taipei, June 26 (CNA)—Trade between the Republic of China [ROC] and the United States totaled 13.9 billion U.S. dollars in the first five months of 1991, a 2.7 percent fall from the same period of 1990, the Board of Foreign Trade (BOFT) reported Tuesday.

ROC exports to the United States totaled 8.1 billion U.S. dollars, a 7.1 percent drop while imports from that area reached 5.8 billion U.S. dollars, a 4.2 percent increase, BOFT said.

Exports to the United States accounted for 28 percent of the nation's total exports in the Jan-May period, a drop from the 33.1 percent recorded in the same period of last year and a sign of decreasing dependency on U.S. markets, BOFT said. Imports from the United States had a 22.6 percent share of the nation's total imports compared with last year's 24.5 percent.

The Republic of China on Taiwan is the sixth largest trading partner and the fifth largest exporter to the United States. The ROC ranks third, next to Japan and mainland China, in the list of countries with which the United States suffers huge trade deficit.

Indirect Air Mail Service to Mainland Authorized

OW2506113191 Taipei CNA in English 0830 GMT
25 Jun 91

[Text] Taipei, June 25 (CNA)—The Mainland Affairs Council (MAC) said Monday it had decided to authorize indirect registered air mail service with mainland.

MAC made its decision in view of the increase in regular mail sent across the Taiwan Straits.

MAC Vice Chairman Ma Ying-jeou said that people here may send letters of credit, money orders, and bills of lading by registered mail once the new service begins. The mailing of packages will not be included in the new service.

Since both sides of the Taiwan Straits began deliveries of another's regular mail in 1988, more than 14 million letters or packages have been mailed from Taiwan to mainland through third countries. Mainland mail delivered here has passed 19 million pieces.

Editorial Studies Debate on Mainland MFN

OW1806205291 Taipei CNA in English 1337 GMT
18 Jun 91

["Whither Mainland China" (editorial)]—CNA headline]

[Text] Taipei, June 18 (CNA)—The following is the editorial of Tuesday's EXPRESS NEWS, a daily newspaper published by the CENTRAL NEWS AGENCY.

The current debate in the United States over the issue of renewing the most-favored-nation trade status for Red

China is more than a partisan struggle between a Republican administration and a Democratic Congress. There are honest disagreements between the two sides, most significantly over the future of the Chinese mainland.

Both the Bush Administration and Democratic members of Congress deplore the repressive rule of the current Peking leadership, but they differ on how to deal with it.

President Bush believes it is in the interest of the United States to promote reform and change on the Chinese mainland but that the most effective way to achieve this goal is to stay engaged with the current regime in Peking so that exchanges may continue, thus allowing Western ideology of freedom and democracy to spread on the mainland.

In defense of this policy, some Bush Administration officials have pointed optimistically to a number of young officials at the local level on the Chinese mainland who, although members of the Communist Party, are committed to reforms, and have the potential to become China's Gorbachev in the future to bring about liberalization on the mainland.

The Democratic members of Congress share the goal of the Bush Administration, but believe that reform and change will not take place, at least not fast enough, under the current regime on the Chinese mainland without foreign pressure.

Some U.S. lawmakers even totally give up hope on reform on the mainland under the communist rule, and call for support to a new generation of future leaders who believe in democracy and freedom.

So the debate between the Bush Administration and the Democratic Congress is not over the goal, but simply the means, of U.S. policy toward mainland China. Even among the Chinese people who hope to see political liberalization and economic prosperity on the Chinese mainland, there are similar disagreements as to which approach is preferable.

What we cannot agree is a third school of opinion which believes that the current hard-line leadership in Peking will continue to rule the Chinese mainland for some time, and that foreign countries should therefore be pragmatic about it and deal with the regime as it is.

Based on this assessment, any talk of promoting reform on the Chinese mainland merely reflects wishful thinking. This viewpoint, according to Prof. Chalmers Johnson of the University of California in San Diego, an expert on both Japan and China, is subscribed by Japanese scholars on China, and may account for Japan's policy of seeking early return to business as usual in relations with Red China after the Tiananmen Square massacre.

Japan's position may be pragmatic, but pragmatism without principle borders on cynicism. The difference between Japan and the United States in this respect explains why the United States continues to play a leading role in world affairs.

Unless Japan finds a moral guidance in its foreign policy, it will never play a political role in the world in proportion to its economic strength.

Mainland Dissident Urges Peaceful Exchanges

*OW2606132991 Taipei CNA in English 0825 GMT
26 Jun 91*

[Text] Taipei, June 26 (CNA)—Mainland Chinese dissident Yan Jiaqi said here Tuesday that the most sure way to unify China is to promote democratization in mainland China by peaceful exchanges between the two sides of the Taiwan Strait.

Leader of the Paris-based Federation for Democracy in China, Yan said it is meaningless to hold talks on unification before the condition ripens. "It can even hurt the people in Taiwan."

Yan, who arrived in Taipei Monday to attend a symposium on mainland Chinese affairs, is scheduled to speak at the meeting Wednesday on the political system of the Peking regime.

He told the press Tuesday that he agrees to Premier Hao Po-tsun's idea to peacefully push for national unification with the force of democracy.

It is impossible to talk about national unification between a democratic Taiwan and a totalitarian mainland China, he said.

Taiwan is far ahead of mainland China in terms of freedom and democracy, although the former is encountering certain problems in democratization, he said.

Yan said democratization in Taiwan has made great strides in peaceful and rational atmosphere since 1988, while progress in this regard is nil on the Chinese mainland.

He said mainland Chinese dissidents in exile want to work with their friends in Taiwan for promotion of democracy in mainland China through theoretical research and advocacy for mainland China's democratization.

Yan expressed the hope that all dissidents would be allowed to return to the Chinese mainland someday, so that they will be able to help promote democratization there.

He said Taiwan independence is an idea that will never come true. "With the progress in democratization and civil exchanges between the two sides of the Taiwan Straits, we will eventually find that we are all Chinese," he added.

Envoy Discusses Relations With ROK Minister

*OW1206123491 Taipei CHUNG YANG JIH PAO
in Chinese 8 Jun 91 p 1*

[Text] At the time when news about Communist China and South Korea considering establishing diplomatic relations was being widely reported by the media, Chin

Shu-chi, ambassador of the Republic of China [ROC] to the Republic of Korea [ROK], made a special trip to call on Minister Yi Sang-ok at the Ministry of Foreign Affairs of South Korea in the morning of 5 June to express concern over ROC-ROK diplomatic relations. A Foreign Ministry official indicated that, during their 40-minute meeting, both sides affirmed that ROC-ROK relations are very worthwhile promoting and that related reports by the media were exaggerated.

News about the establishment of diplomatic ties between South Korea and Communist China frequently appeared in the South Korean press, such as CHOSON ILBO, TONG-A ILBO, and CHUNGANG ILBO, after North Korea decided to apply for UN membership. ROC Ambassador Chin Shu-chi, together with envoy Fang Ting-liu, called on South Korean Foreign Minister Yi Sang-ok to learn about the actual situation at 0900 in the morning of 5 June.

It has been learned that, during their talks, both sides broadly exchanged views on the establishment of diplomatic relations between Communist China and South Korea, which is an objective the Korean side has already decided on pursuing; maintenance of ROC-ROK diplomatic ties; and the situation on the Korean Peninsula. With regard to future ROC-ROK relations, both sides said it is worthwhile continuing efforts for their promotion.

Despite the fact that news about diplomatic ties between the ROC and the ROK being unstable were frequently reported, and that even the news about the great difficulty encountered by the ROC's embassy personnel in their attempts to arrange a meeting with South Korean government officials—which makes us uneasy—was also reported, the ROC has, in fact, always maintained an unobstructed channel of communication with the Korean side. The ROC Embassy still maintains close contacts with important officials of the Foreign Ministry and the Presidential Office of South Korea.

Information from reports sent back by our embassy in South Korea to the Ministry of Foreign Affairs indicates that, during his talks with Yi Sang-ok, Chin Shu-chi expressed concern about the inauguration of air routes and the signing of economic agreements between Communist China and the ROK, and that the Korean side confirmed the above two matters and explained it is going to begin test flights between Seoul and Peking, and between Seoul and Shanghai in the near future. Meanwhile, the Korean side emphasized that its inauguration of air traffic with Communist China is due to commercial considerations.

With regard to the agreements on investment protection, trade and tariffs which the ROK is hoping to sign with Communist China, it is the understanding of the Ministry of Foreign Affairs that the ROK is actively conducting negotiations with Communist China.

'Turning Point' Seen in French Frigate Sale

OW2206082391 Taipei CNA in English 0753 GMT
22 Jun 91

[Text] Taipei, June 22 (CNA)—An authoritative source here said Friday that a "turning point" might have been reached in the French Government consideration on the selling of six naval frigates to the Republic of China [ROC].

An AGENCE FRANCE-PRESSE (AFP) report from Peking said Friday that France is preparing to sell six Lafayette class frigates to Taiwan, 17 months after it backed out of the 2 billion U.S. dollar deal in the face of Communist Chinese opposition.

The source did not confirm the AFP report, but indicated that a critical stage in the sale appeared to have been reached.

The source added that France has not yet made a final decision on whether or not to sell the six warships to Taipei.

The French Government suspended the sale in January, 1990 in response to strong protests from Peking which threatened to retaliate diplomatically.

As to reports that the Navy planned to purchase or lease 16 FF Knox class frigates from the United States, the Defense Ministry Spokesman's office said it "knew nothing" of the matter.

Aerospace Firm Negotiates With French Corporation

OW2606105791 Taipei CNA in English 0841 GMT
26 Jun 91

[Text] Taipei, June 26 (CNA)—Taiwan Aerospace Corp. is negotiating with Dassault Aviation Corp., the maker of the French Mirage fighter, on possible cooperative projects, a company spokesman said Wednesday.

Taiwan Aerospace, a joint public and private venture, hopes to supply the world-renowned French firm with aircraft parts on an OEM (original equipment manufacture) basis, the spokesman said.

The company has signed contracts with the Ministry of National Defense to manufacture parts for Taiwan's first locally developed jet fighter.

Taiwan Aerospace has also reached cooperation agreements with America's McDonnell-Douglas and Pratt-Whitney aviation companies. Under the accords, the U.S. aircraft makers will provide technical know-how for their Taiwan partner to manufacture key passenger plane parts and components.

A reception will be held Thursday afternoon to mark the inauguration of Taiwan Aerospace, part of a government plan to boost aerospace industry here.

The new company will have a paid-in capital of 10 billion NT dollars, with 65 percent from private investors and 35 percent from the Government. Such large business groups as Evergreen, Tatung, Yuelong, Tainan Textile, and Pacific Wire and Cable Co. are expected to invest in the venture.

Report on Purchase of German Mine-Hunters

OW2306133591 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
22 Jun 91

[Text] According to the U.S. Naval Association's magazine, published in November 1990, the ROC's [Republic of China] Navy has ordered four MWV 50-class mine-hunting naval vessels from Germany to increase its capability against submarine mines.

The relevant official of the military spokesman's office of the Ministry of Defense yesterday was unwilling to confirm this statement, but merely stressed that he did not know anything about the allegation that the ROC's Navy has purchased mine-hunting naval vessels from Germany.

It has been learned that these four mine-hunting naval vessels were designed and manufactured in Germany. The U.S. Naval Association has published a photograph of one of these vessels.

Hong Kong

Commentary Links MFN, Investor Confidence

HK2706014191 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0313 GMT 20 Jun 91

[Commentary by Yu Cheng (6735 2052): "Hong Kong Still Has Room for Economic Development, Investment"—ZHONGGUO TONGXUN SHE headline]

[Excerpt] [Passage omitted] Various situations indicate that the numerous major political and economic problems confronting Hong Kong can be solved. The fact that U.S. President Bush has repeatedly said the United States will grant China the most-favored-nation [MFN] status, and that China has a fairly good chance of having the MFN extended for another year can dispel the large shadow over Hong Kong's investment markets. Only when investors can expect more objectively that China's MFN very probably can be extended yearly in the future despite some nagging questions, do they not need to worry too much about the arguments prior to Congress' approval of the extension.

As for the airport issue, the talks already have lasted for some time, but no decision has been made as yet. If investors are adequately prepared psychologically, it is believed that no matter how the talks turn out Hong Kong's investment markets will not be influenced too much. In fact, although Hong Kong is confronted by several nagging problems, there still is very abundant current capital on the markets. This shows that investors are fairly confident of the future.

There are several reasons for the fact that investors still have a certain confidence in the future: 1) Hong Kong's foreign trade is still going relatively well. The export of Hong Kong products has risen visibly, especially at a time when the economies of mainland China and Europe are improving gradually. 2) The real estate market gradually is warming up and reviving, and the large- and medium-sized apartment market is continually developing well. 3) By comparison, the political and economic situations of foreign markets are less stable than Hong Kong's. Therefore, only when the interest rate of the Hong Kong dollar returns to a synchronized pace with that of the U.S. dollar, there will be much room for Hong Kong's investment markets to develop.

Without doubt, one of the obstacles to Hong Kong's economic growth is the threat of the high inflation rate. However, the main reason for the high inflation is not derived from the internal private demand. Therefore, as soon as the Hong Kong Government finds the reason for the inflation and as long as Hong Kong dispels the man-made shadow of the high interest rate, investment activities will warm up and gradually become brisk.

Governor Warns of Possible Airport Postponement

HK2606014591 Hong Kong SOUTH CHINA
MORNING POST in English 26 Jun 91 p 1, 7

[From David Wallen in London, Paul Godfrey and Owen Hughes]

[Text] The Governor, Sir David Wilson, warned yesterday that China's failure to agree on the airport project would lead to its postponement.

Britain's Prime Minister, Mr John Major, agreed during talks in London with Sir David that the scheme should be allowed to slip, with the consequence that the first runway would not be open by 1997.

Earlier in the day investors reacted positively to rumours that a postponement would end uncertainty hanging over the project.

The Hang Seng index rose 34.72 points in the afternoon to close at 3,604.26.

A postponement, however, will cost the taxpayer dearly, with more than \$620 million already spent on the new airport and related projects since the decision to proceed was made in October 1989.

Up to two-thirds of taxpayers' investment so far could be lost, despite government claims that not all the money would go to waste because of plans to continue with a number of the projects regardless of whether the airport goes ahead.

British and Hong Kong officials refuse to say how long the project could be postponed, but a last-minute ministerial visit to Beijing has been ruled out and the only diplomatic contact through which agreement on the scheme could be reached is now the embassy in Beijing.

With only five days to go before the end of the month deadline for the first tenders on land reclamation and the bridge link to Lantau, Sir David chose his words carefully so as not to antagonise Beijing further.

In what amounts to an eleventh hour warning to China, he said he hoped the airport would go ahead.

But he added: "If we are to go ahead with it, we need now to reach agreement with China on a sensible and pragmatic basis.

"It is a very big project and we need to know if we are going to embark on it, that we can carry it out sensibly and in good time."

Those present at the crisis meeting including Foreign Secretary Mr Douglas Hurd, Foreign Office minister Lord Caithness, Assistant Under-Secretary Mr Andrews Burns who led the last round of talks on the airport, and senior officials from the Hong Kong department at the Foreign Office.

No actual decision to postpone the \$100 billion project for any set length of time was taken. Sir David said: "This wasn't a meeting for taking that sort of decision."

Those present had assessed the situation and he said there would be no "sudden new approach" to China—implying that if Beijing wished to reopen talks it would be very much up to the Chinese Government to make the first move.

On the tenders, Sir David said: "The practical consequence of not reaching agreement with the Chinese yet is, of course, there has to be some postponement."

Hong Kong still wished to go ahead with the project as soon as possible. The present airport was overcrowded and was going to get worse over the years.

"The competition in Southeast Asia seems to be going ahead with building up their facilities. So from our point of view, the sooner we can go ahead with the project and get some sensible arrangement with China to do it, then the better," Sir David said.

"There is a practical consequence if we don't reach agreement in the near future. There are certain things which we would have been doing which...just have to slip.

"This is a question of slippage. It is not a question of cancellation of the project or anything like that."

It was Sir David's second meeting with Mr Major at Downing Street. The Governor also discussed the boat people issue at length, along with the prospects for success or failure of the proposed talks with Hanoi on establishing holding centres in Vietnam.

They also discussed the U.S. decision on continuing with Most Favoured Nation trading status for China and the effects of this on the territory.

Work on the Port and Airport Development Strategy (PADS) project is currently limited to a 40-hectare site on Chek Lap Kok—although construction firms around the area have been allocating men and machinery to be able to start further work once contracts are awarded.

Mr Phillip Bruce, chief information officer of the new airport projects co-ordination office, said work was continuing on the site on the north of the island to flatten two headlands and to fill in a bay.

The work, carried out by Kumagai Gumi, and due to finish by the beginning of next year, is to allow future projects to start work immediately on the site.

"No other contracts have been issued, so it is a commercial decision if firms decide to leave men and plants on standby," Mr Bruce said.

Mr John Faulkner, managing director of Leighton Asia which would be used in earth moving and land reclamations, said: "It is not as if we have hundreds of men standing around doing nothing, although we do have between 30 to 40 major pieces of equipment.

"But certainly we have anticipated these programmes coming on stream and we have built up a reserve of people to keep up with that belief. They are employed, but not necessarily gainfully so."

If the project was delayed indefinitely it would mean "a difficult decision about how long we can keep this up. But who knows how long we can keep this up?"

"At some point, we will have to take a drastic decision about our resources in general. We cannot afford to have plants standing idle."

The largest potential losses for the taxpayer would be incurred on the Lantau Fixed Crossing, the airport itself and the North Lantau Expressway linking the crossing with the airport, planned new towns—all of which would be mothballed—and land purchase, consuming \$398 million of the total.

The Lantau Fixed Crossing, central to the whole project in providing a link between Lantau and Hong Kong, but which is still on the drawing board, has already soaked up more than \$100 million.

Delays Disappoint Contractors

HK2706011491 Hong Kong SOUTH CHINA
MORNING POST in English 27 Jun 91 p 1

[By Paul Godfrey and Wong Joon San]

[Text] Land reclamation work at Chek Lap Kok which was to start next month would be stalled until at least next year because of the failure to get China's approval for the airport project, a senior official said yesterday.

He said pre-qualification of consortiums bidding for the \$20 billion reclamation contract would be delayed for at least six months.

But work on the West Kowloon reclamation would go ahead as planned.

He said the government realised that many of the companies which had been selected for pre-qualification for Chek Lap Kok and the \$10 billion Lantau Fixed Crossing would be angry as they had invested considerable resources in tender plans.

But it was almost certain that the Provisional Airport Authority chief executive, Mr Richard Allen, would continue in his post although he would not be recruiting any further staff.

And the two companies contracted to design and manage the airport development, Greiner Maunsell and Bechtel, would continue with their work.

The reclamation contract is the first victim of the Governor's announcement in London that the airport would have to be delayed.

The deputy to the Governor, Sir David Ford, said a few days "here or there, with a project lasting 6 and 1/2 years is not significant, so we are not on a countdown to June 30".

"We will make the decision on those tenders at the appropriate time. In the meantime, we shall await the outcome of the contacts which are still continuing.

"It's too early yet to say whether those will be successful or not," he said.

Mr John Faulkner, managing director of Leighton (Asia) Ltd, which is bidding for the contract in a partnership with Balfour Beatty, Hochtief, Dillingham, Obayashi, Hyundai, Blankevoort, and Dragamar, said delay would cause serious problems.

"This is very disappointing because there are lot of people standing around holding their breath waiting for some kind of decision, and now we hear we have to wait another six months.

"I think we, like other companies, will be forced to make decisions on re-deploying staff who would have been involved with this, and idle plant and equipment."

His big hope was that the decision would mean the Government would bring back on stream some of the unrelated big civil engineering projects.

Commentary Laments Lack of PRC-UK Cooperation

HK2406152891 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0806 GMT 15 Jun 91

[Commentary by Tian Ye (3944 6851): "'Right of Abode,' 'Bill of Rights,' and 'New Airport': British Hong Kong Government's 'Trio'" —ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 15 June (ZHONGGUO TONGXUN SHE)—The cooperation characterized by mutual understanding and concession between China and Britain following the Sino-British Joint Declaration did bring about an admirable honeymoon between the two countries. Both sides jointly arranged for Hong Kong to continue to stay in the GATT after 1997 and international organizations and international trade agreements such as those concerning international textiles trade, arranged and signed many civil aviation agreements, jointly reviewed and approved land deeds that straddled 1997, and so on. Hong Kong was prospering and looking toward a bright prospect and praises at home and overseas heaped on the Sino-British Joint Declaration. Had it persisted in this direction there would have been a much beautiful Hong Kong after 1997.

However, cooperation between the two countries over Hong Kong over the last two years has regressed. Last year, disregarding the provisions of the Joint Declaration, the British Government suddenly and unilaterally produced the so-called "Right of Abode" scheme in an attempt to change the nationality arrangement of Chinese Hong Kong citizens. Following the scheme it staged

a "Bill of Rights" with which to disrupt the smooth implementation of the Basic Law. Faced with this series of British practices which do not accord with the Joint Declaration, the Chinese Government naturally made corresponding reactions.

In such an atmosphere the British Government proposed the project of a new airport without seeking in advance China's opinion or consultation. Afterward there have been many talks. But the British side repeatedly reversed its positions and went back on its word, and left the conference table and revoked its original proposal just when both sides were nearing an agreement, making it difficult for the Chinese side to declare its support.

If the "Right of Abode," "Bill of Rights," and "new airport" can be described as a trio, then the first two parts must have been crooned by Britain amid China's strong opposition. While the "Right of Abode" song was finished to unenthusiastic applause and the great surprise of the British Hong Kong Government. The "Bill of Rights" remains unwieldy, with one year of suspension during which six laws are exempted from the Bill of Rights, but can the song continue all the way up to 1997?

The third part, the "new airport," was quite different, as both the Chinese and British sides thought that Hong Kong needed a new airport; that is, both think that the "new airport" song should be sung, and sung well. If the British side could manage a solo, thus rendering unnecessary the invitation of China's participation and burden sharing, naturally there would not be any need for talks on setting the tone between the two sides. However, if China is invited to sing along, but is not consulted on tone-setting, naturally the Chinese side cannot open its mouth.

To sing the trio well, it is obvious that the tone must be set by both sides, and that there be discussion and talks, mutual understanding and concession, and the building of sincere "partner" cooperation before either side opens its mouth. If the British side does not consult China while knowing full well that it is unable to sing alone, it will be difficult for the song to be produced.

Role of New Mainland Business Association Studied

HK2106052291 Hong Kong HONGKONG STANDARD in English 21 Jun 91 p 8

[By Terry Cheng]

[Text] As Hong Kong has entered the final phase in the run-up to 1997, different game rules have to be formulated to allow China more positive participation in the local scene.

The formation of the Hong Kong Chinese Enterprises Association by more than 1,000 mainland companies earlier this month is a case at point.

Not only are new rules needed for politics, but also for economic affairs. In many cases, the two are interwoven and interactive.

In recent years, mainland funds have been pouring into Hong Kong, partly as a result of the development of China's domestic economy and foreign trade, and partly because there is a role to perform in Hong Kong.

To prepare for 1997 and to ensure the territory's long-term prosperity and stability when the tendency may be for foreign capital to be shifted overseas, Beijing has to invest heavily here.

China has now become Hong Kong's third largest investors after Japan and the United States. But as Chinese officials have pointed out, Hong Kong is too large a capital market for China to fill, and it is not Beijing's purpose, nor is it in its interests, to dominate the local scene economically.

Nevertheless, it is only proper that Beijing's clout—economic and political—be boosted to reflect the changing reality.

Against this perspective, the Hong Kong Chinese Enterprises Association has been formed.

Internally, the association can serve as a mechanism through which Beijing and its representative office in Hong Kong, Xinhua News Agency, can effectively supervise mainland companies in Hong Kong.

Externally, the association can function as the Chinese chamber of commerce, similar to other countries' chambers of commerce.

By following the example of other countries in setting up a chamber of commerce, and complying with local practices, Beijing is demonstrating its preparedness to honour the "one country, two systems" policy.

But the scenario is new, and the enterprise group can be a very powerful force.

How the association will participate in the local scene is a matter of interest, and concern, to many people.

During the negotiation period for the Sino-British Joint Declaration, it was argued that it was of paramount importance for Hong Kong to continue its economic contribution for China's well-being. Because of this contribution, Beijing would honour the promise of keeping Hong Kong's capitalist system intact for at least 50 years.

The argument still holds true, especially for many businessmen. A think-tank set up recently to study the economic issues involving the "one country, two systems" is an indication people are buying the argument.

The sponsors of the think-tank are some former members of the Basic Law Drafting and Consultative Committees, mostly businessmen and professionals.

Indeed, to maintain Hong Kong's status as an international financial and trade centre, economics must be allowed to continue to dominate.

How to allow the large number of mainland companies to participate more actively but constructively is a vital issue.

Those who have had business experience with mainland businessmen will agree that the Chinese have a lot to learn in international business practices.

That the mainland enterprises may use political clout to advance their economic interests is an area of major concern.

It is natural that "local" companies enjoy greater privileges. This is true in Hong Kong today, where British companies enjoy an edge, and it will be true after 1997.

A great measure of fairness must be maintained to ensure Hong Kong's reputation as a centre of serious and fair business.

So while the Hong Kong Chinese Enterprises Association is welcomed, it must not be allowed to develop into a formidable force that may lead to unfair practices.

Xinhua director Zhou Nan has suggested the association could help mainland companies develop self-regulation, a euphemism for fair trading.

The association's legitimate functions as a chamber of commerce, such as lobbying in the legislature, should not be discouraged. After all, this is the democratic way.

Political Leanings Denied

HK2106021291 Hong Kong HONGKONG STANDARD
in English 21 Jun 91 p 8

[By Cary Huang]

[Text] The Hong Kong Chinese Enterprises Association should not be considered a political group trying to extend China's influence, a Chinese official said yesterday.

The official, who works for a leading China-funded company in Hong Kong, said the association's role in the Chinese General Chamber of Commerce (CGCC) as a group member was not intended to influence local elections.

"The association's joining CGCC is meant to strengthen economic exchanges between mainland and local Chinese businesses," he said.

He added that in a way the move was planned to increase Chinese businessmen muscle in competition with other international business groups.

It has been suggested that as a group member of the CGCC the association was in a position to play a direct role in influencing the election of the chamber's representative to the Legislative Council in September's first direct poll.

"The argument concerning local elections is groundless as the CGCC, under all the circumstances, will have only one seat in the Legislative Council," the official said.

The CGCC, headed by business tycoon Henry Fok—a standing member of China's National People's Congress—has been given a seat in the Legislative Council under the business constituency.

"The association is an economic and business organization, though sometimes economics and politics are interwoven," the official said.

He said the establishment of the association underlined Beijing's efforts to strengthen its control over China-funded enterprises in the territory.

Its establishment was also a reflection of the inability of the local XINHUA NEWS AGENCY Beijing's representative office in Hong Kong, in guiding China-funded companies operating locally.

These firms are under different central departments and regional authorities in China.

Chinese sources said that although XINHUA had the power to supervise and administer all China-funded business in the territory, the office found it almost impossible to oversee the activities of more than 1,000 firms.

Though the association is said to have been initiated by chief executives from leading mainland commercial institutes here, the idea is believed to have come from XINHUA with Beijing's blessing.

The association's establishment followed a two-year overhaul of China-funded companies here, directly handled by the State Council's Hong Kong and Macao Affairs Office and XINHUA.

Secrecy Shrouds Taiwan KMT Official's Visit

HK2506015891 Hong Kong SOUTH CHINA
MORNING POST in English 25 Jun pp 1, 11

[By Chris Yeung and Willy Wo-lap Lam]

[Text] Secrecy has shrouded the visit to Hong Kong of a top Kuomintang official, Mr Cheyne Chiu, who is due to take part in an academic conference on mainland-Taiwan relations organised by the Chinese University of Hong Kong.

Mr Chiu, the presidential spokesman and convenor of the research committee of the National Unification Council (NUC), is understood to be the most senior Taiwanese official to visit the territory, with which it has no official ties.

Considered a protege of the President, Mr Lee Teng-hui, Mr Chiu is listed among the participants at a two-day conference, starting today.

He was to join the international conference in his capacity as head of the NUC, an advisory body formed by Mr Lee to thrash out broad plans for reunification.

Various sources said last night Mr Chiu had flown into the territory in the afternoon, but his arrival could not be confirmed.

One source said: "Mr Chiu should already have arrived. But he will keep publicity to the minimum to avoid political sensitivity. He may not even turn up until the end of the conference on Wednesday."

A mainland official here said they had no knowledge of Mr Chiu's trip, adding there was no plan for him to meet officials from the NEW CHINA NEWS AGENCY.

A spokesman in Taipei said Mr Chiu had gone out in the morning for a meeting and had not returned.

Pro-vice-chancellor of the Chinese University, Professor Ambrose King, said he had been told Mr Chiu had arrived, but he had not met him.

"I thought he might not be able to come. But some said he would turn up. Let's wait and see."

Mr Chiu's plan to come to Hong Kong has been the subject of high-level discussion at the Presidential Office.

Adviser to the office, Mr Chin Jane-shine, said the planned visit had been raised as early as two months ago.

Mr Chin, however, refused to disclose what had been decided, pointing out that "it is up to Mr Chiu".

Analysts say Mr Chiu is the highest-ranking officer to have been granted a visa to come to Hong Kong.

Mr Li Wei-lien, head of the Hong Kong and Taiwan Affairs Office of the Executive Yuan, was granted a visa to come to Hong Kong in April.

However, he was not admitted by immigration officials when he arrived at Hong Kong airport.

Sources said Mr Li has quietly slipped into the territory recently and is now still in town, but that he would avoid publicity.

It is learned that Mr Li had been turned away in April because he had announced before his arrival that he wanted to meet government officials, including officials from the Political Advisers' Office.

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